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Transcript Exhibit(s)

AZ CORP COMMISSION
DOCKET CONTROL

2014 FEB 24 PM 1 23

Docket #(s): W-03514A-13-0111

W-03514A-13-0142

Arizona Corporation Commission
DOCKETED

FEB 24 2014

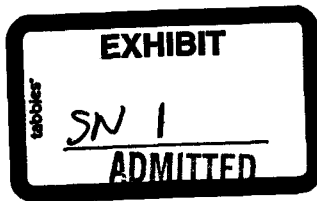
DOCKETED BY

Exhibit #: Part 3 of 3 SN-1 through SN-6,

TB-1 through TB-5

For Part 1 please see barcode 0000151338

For Part 2 please see barcode 0000151339



Dec 18
15/2013

Suzanne Nee
2051 E. Aspen Drive
Tempe, AZ 85282
Telephone: 602-451-0693

BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE APPLICATION
OF PAYSON WATER CO., INC., AN
ARIZONA CORPORATION, FOR A
DETERMINATION OF THE FAIR VALUE
OF ITS UTILITY PLANTS AND
PROPERTY AND FOR INCREASES IN ITS
WATER RATES AND CHARGES FOR
UTILITY SERVICE BASED THEREON.

DOCKET NO: W-03514A-13-0111

IN THE MATTER OF THE APPLICATION
OF PAYSON WATER CO., INC., AN
ARIZONA CORPORATION, FOR
AUTHORITY TO: (1) ISSUE EVIDENCE
OF INDEBTEDNESS IN AN AMOUNT
NOT TO EXCEED \$1,238,000 IN
CONNECTION WITH INFRASTRUCTURE
IMPROVEMENTS TO THE UTILITY
SYSTEM; AND (2) ENCUMBER REAL
PROPERTY AND PLANT AS SECURITY
FOR SUCH INDEBTEDNESS.

DOCKET NO: W-03514A-13-0142

SURREBUTTAL TESTIMONY

Pursuant to the Procedural Order issued on Dec. 9, 2013, Suzanne Nee, "SN", is granted intervention in the above-captioned matter. Suzanne Nee motioned to be an Intervener on October 28, 2013. SN has been a customer of Brooke Utilities/Payson Water Company since 1999.

SN is a long-standing residential customer served by the Public Service Utility Company, Payson Water Company, "PWC", residing part-time within the physical boundaries in the community of Mead Ranch, "MR", that is part of the former Brooke Utilities system and has a vested interest in the ramifications of these proceedings.

SN would like to have attended the Phase 1 Public Hearing at 10:00 am at the Arizona Corporation Commission and give public comment. However, SN was not able to do this due to the method of mailing this information. PWC was required to put the a **Public Notice of Applications by Payson Water Co., Inc., Docket Nos. W-03514A-13-0111 and W-03514A-0142 (consolidated)** into the September bill per the Procedural Order issued on September 10, 2013. President Jason Williamson signed an Affidavit that PWC mailed the notices of rate increases and financing on September 18 and 19, 2013. However, the mailing received by SN

1 was not marked on the outside of the envelope with the Payson Water Company name nor
2 either of the two known company addresses as the August bill was marked. See **Exhibit A** – SN's
3 August PWC bill with PWC name, JW Holdings, LLC and 7581 E. Academy Blvd., Suite 229,
4 Denver, CO 80230 clearly marked on the mailing. Compare this mailing with the September bill
5 SN received from PWC, **Exhibit B**. There is no company name in the return address. The
6 address listed is: c/o 5135 E. Ingram St., Mesa, AZ 85205. SN believe she and likely other Payson
7 Water Company customers did not recognized and open this mailing which she/they considered
8 to be "Junk mail."
9

10 **The Public Notice of Applications by Payson Water Co. Inc., Docket Nos. W-03514A-**
11 **13-0111 and W-03514A-0142 (consolidated)** listed two addresses for Payson Water
12 Company: 7581 E. Academy Blvd., Suite 229, Denver, CO 80230 and 1010 S. Stover Road, Payson,
13 Arizona.
14

15 I would like to know:

- 16 1) Why wasn't the mailing sent from PWC clearly marked with the company's name and
17 either of the two known business addresses?
- 18 2) With all the junk mail sent these days, why wouldn't a reasonable person just toss this
19 mailing from an unknown source into the trash?
- 20 3) Does the Arizona Corporation Commission feel that Payson Water Company complied
21 with Procedural Order issued on September 10, 2013, even though they did not identify
22 their company name and address and did not reach all their customers in a timely manner
23 in compliance with Procedural Order issued on September 10, 2013?
24

25 This puts customers who oppose the proposed rate increase and consolidation of the 8
26 communities at a distinct disadvantage from the start. This mailing was my first introduction to
27 Payson Water Company president, Jason Williamson. If this is an example of the kind of
28 professionalism and concern he has for his customers, even with possible scrutiny and oversight
29 by the ACC, he is not operating PWC with openness and concern for the needs of his customers.
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EXHIBIT A

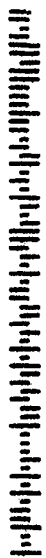
Payson Water Company, Inc.
c/o JW Water Holdings, LLC
7581 E Academy Blvd. Suite 229
Denver, CO 80230

CHANGE SERVICE REQUESTED

SUZANNE NEE
2051 E ASPEN DR
TEMPE, AZ 85282-2908

PRESORTED
FIRST-CLASS
MAIL
U.S. POSTAGE
PAID
TMBI

CMY-EP1 85282



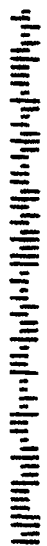
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EXHIBIT B

C/O 5135 E. Ingram St
Mesa, AZ 85206

SUZANNE NEE
2051 E ASPEN DR
TEMPE, AZ 85282-2908

HGRTESS 85282



1
2 The Mead Ranch well and infrastructure are not interconnected with any other service
3 area and are self-sufficient. Mead Ranch is located approximately 14 miles northeast of the
4 intersection of Highway 87 and Highway 260 East, then left on Control Road 64 approximately 4
5 miles west, then right Forest Road 29 approximately another 4 miles north. The majority of the
6 homes in Mead were built in the 1970s and the majority of the infrastructure is also that old. In
7 my 15 years of being a customer, the previous owner, Brooke Utilities, another for profit
8 company, did nothing proactive to maintain our water system. Our only communications from
9 Brooke Utilities were for rate increases. Since Payson Water Company is also a for profit public
10 water utility and the owners have fiduciary duty to maximize owners profits, we do not have
11 hope for any improvements in the infrastructure of our system even after the proposed rate
12 increases.

13
14 SN and the residents of Mead Ranch are against the consolidation of the eight
15 communities for rate making and also against the proposed rate hikes. Each system is unique
16 and has its own fixed and variable costs in the operation and maintenance of each system. Please
17 explain why it is deemed just and reasonable per Arizona Revised Statute 40-361 to charge all
18 PWC customers the same base fees and rates throughout the various communities served by
19 PWC, without regard to differences in the cost of providing services in the individual
20 communities. SN would like to see a breakdown of the fixed and variable costs for Mead Ranch
21 2009-2012. We would also like to know a proposed fair and reasonable base rate based on our
22 fixed costs and the tiered rates to cover our variable costs and a fair and reasonable return to
23 the owner. We do not see any benefit to us for the proposed Cragin-TOP project.

24
25 Referring to Document 0000145511 of Docket W-03514A-13-0111, dated April 22, 2013:
26 Per Testimony by PWC's accountant, Mr. Bourassa, the O&M recovery surcharge (for the MDC-
27 Cragin Pipeline) [Bourassa Testimony, p19], Mr. Bourassa responds, "In the next rate case, I
28 anticipate the recovery of the O&M costs would be included in base rates and the O&M Cost
29 Recovery Surcharge would be discontinued." In light of PWC's stated objective to consolidate
30 rates for all of its systems into one, this suggests that in the next rate case the O&M costs for the
31 MDC-Cragin Pipeline will be included in base rates for all customers of PWC, not only customers
32 of MDC. This contradicts PWC's previous statements in the referenced document that costs of
33 MDC Cragin project will be paid entirely of PWC customers in the MDC community. Please
34 explain.

35
36 Referring to Mr. Bourassa's Rebuttal Testimony, he still is maintaining Payson Water
37 Company's required Rate of Return is 11%. This is based on his Schedule D4.11, p.268 of
38 Document 0000145511. In these calculations, although Mr. Bourassa is speaking strictly about
39 PWC, which is a public water utility, he uses in his calculations trying to arrive at a Return on
40 Assets percent, the average current dividend yield from dividend paying stocks using Value Line
41 1700. So his yield does not accurately reflect dividend yields from public water utility stocks. In
42 addition, in this same calculation, Mr. Bourassi uses the average 3-5 year price appreciation from
43 Value Line 1700 stocks. This does not accurately reflect public water utility stocks.

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45 Mr. Bourassa could have used the Value Line stocks themselves- Exhibit C
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EXHIBIT C

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1 I believe that staff Crystal Brown's estimate of a 6.4% on p. 10, Document 0000149555-
2 Direct Testimony return is more appropriate and should be used by PWC.
3

4 Mr. Hardcastle, previous owner of Brooke Utilities/PWC stated on p.54, referring to
5 Document 0000145511 of Docket W-03514A-13-0111, dated April 22, 2013, "Mesa Del
6 Caballo does not have sufficient supplies of water during high demand months of May through
7 October."
8

9 Per company data, Document 0000145511 of Docket W-03514A-13-0111, Exhibit A,
10 p.44, the Mesa Del Caballo water shortage in 2012 appeared to be 508 gallons purchased in May,
11 2874 gallons purchased in September, 12 gallons purchased in October, and 10 gallons
12 purchased in December - Exhibit D.
13

Thousand

Thousand

Thousand

Thousand

S.N.



EXHIBIT D

Company data from p. 44, Exhibit A below:

COMPANY NAME: Payson Water Co., Inc.		
Name of System: Mesa del Caballo	ADEQ Public Water System Number:	PWS 04-030

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2012

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	364	1001	1005	
FEBRUARY	361	1010	1170	
MARCH	364	940	977	
APRIL	364	1093	1192	
MAY	361	1125	1187	508
JUNE	362	1279	1226	
JULY	365	1292	1298	
AUGUST	360	1129	1163	
SEPTEMBER	362	1072	1243	2874
OCTOBER	363	1022	1105	12
NOVEMBER	363	951	1003	
DECEMBER	364	1029	1066	10
TOTALS →		12948	13441	3404

1 It appears that PWC's only proposal for handling this shortfall of water, only
2 significantly short for the months of May and September is to implement the MDC-Cragin
3 Pipeline project at a large capital expenditure to its customers. This project is in the best interest
4 of the owners of PWC, since they will present rate increases based on the return on the proposed
5 project's assets.
6

7 A more cost effective approach would be for PWC to purchase a Water Tank Hauler truck.
8 Doing an internet search in Arizona for such an Asset, I was able to find these trucks now
9 available in Arizona - Exhibit E. This asset could be acquired far in advance of next summer's
10 deadline for the MDC customers. An extra benefit to the Payson community is that PWC could
11 hire a part-time driver from the Payson area at least part-time during this high demand time
12 period.
13

14 These trucks range in price from \$22,500 to a new truck for \$114,000. If PWC was to
15 purchase the used \$22500 truck with only 19,155 miles and a 4,000 gallon capacity, they could
16 spread this expense to the 364 MDC customers over a 12 month period at a cost of
17 $\$22,500 / (364 * 12) = \5.15 a month adder to MDC customers. They would also have the truck
18 and driver available to handle any shortages at the East Verde Park Community.
19

20 Please explain why this more cost effective solution to the high demand shortages or a
21 similar solution was not thought of or proposed by PWC management? This solution is more
22 cost effective to the entire system's O&M expenses and also provides at least part-time work for
23 an individual in the Payson area.

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EXHIBIT E

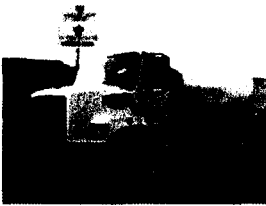
YEAR	MANUFACTURER	MODEL	STOCK/VIN	PRICE (US \$)	LOCATION
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FEATURED LISTINGS

New 2013 FREIGHTLINER 108SD

US \$114,000

AZ



(Qty: 3) Cummins Engine 300 hp; 8LL; TufTrac Suspension; 318/80R22.5 11R22.5 Tires; All Steel Wheels; Drive Side: Left Hand Drive; (3) NEW INTERSTATET TRUCK BODIES 4000 GALLON WATER TRUKCS, 2 FRONT, 1 SIDE, 2 REARS AIR SPRAYS, AIR CONTROLS...

Interstate Truck, Trailer, & Equipment

Phone: (888)904-5499

Fax: (602)269-5021

[Details & Photo\(s\)](#)

[Send A Message](#)

[Add To Watch List](#)

Share On

Updated: 11/11/2013 10:58:00 AM

1999 FREIGHTLINER FL80

Stk #CN11225

US \$24,000

AZ



Diesel Fuel Type; Tandem Axle; Drive Side: Left Hand Drive;

EMPIRE MACHINERY

Phone: (888)628-0943

Fax: NA

[Photo\(s\)](#)

[Send A Message](#)

[Add To Watch List](#)

Share On

Updated: 12/3/2013 5:46:00 PM

GENERAL LISTINGS

1987 AM GENERAL M923

Stk #414302

US \$25,000

AZ



(Qty: 2) Cummins Engine 240 hp; 19,155 mi; Diesel Fuel Type; Automatic; Spring Suspension; 14.00 R 20 Tires Tires; All Steel Wheels; Tandem Axle; 4,000 gal Capacity; 40 lb Rear Axle Weight; 20 lb Front Axle Weight; Drive Side: Left Hand Drive;

PARK WESTERN LEASING INC

Phone: (800)220-2955

or (480)831-6002

[Details & Photo\(s\)](#)

[Send A Message](#)

[Add To Watch List](#)

Share On

Updated: 12/16/2013 9:44:00 AM

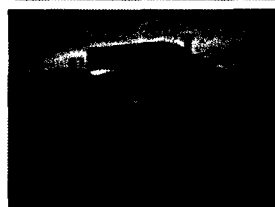
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1987 AM GENERAL M923**Stk #1536****US \$22,500****AZ**

Cummins Engine 240 hp; 19,155 mi; Diesel Fuel Type; Automatic; Spring Suspension; 1400 R 20 Tires; All Steel Wheels; Tandem Axle; 4,000 gal Capacity; Steel Composition; 5:24 Ratio; Drive Side: Left Hand Drive; This is a 1987 AM General 5 Tom...

Tom Donaldson Equipment**Phone: (888)716-8781****or (602)818-4391****Fax: 18886024611**[Details & Photo\(s\)](#)[Send A Message](#)[Add To Watch List](#)[Share On](#)

Updated: 12/18/2013 7:17:00 AM

1984 AM GENERAL M923**Stk #1535****US \$22,500****AZ**

Cummins Engine; 47,714 mi; Diesel Fuel Type; Automatic; Spring Suspension; 1400 R 20 Tires; All Steel Wheels; Tandem Axle; 4,300 gal Capacity; Steel Composition; 20,000 lb Rear Axle Weight; 20,000 lb Front Axle Weight; Drive Side: Left Hand Drive;

Tom Donaldson Equipment**Phone: (888)716-8781****or (602)818-4391****Fax: 18886024611**[Details & Photo\(s\)](#)[Send A Message](#)[Add To Watch List](#)[Share On](#)

Updated: 12/18/2013 7:18:00 AM

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1 SN and fellow Mead Ranchers urge the PWC and the Arizona Corporation Commission
2 take the above solution into consideration as a "fair and reasonable" alternative for PWC
3 customers. Also, in a similar consolidated rate structure case, Docket #W-01303A-09-0343,
4 Decision 73227, Section B- Cost of Service/Public Policy, Page 16, states: "RUCO argues that
5 separate rates for separate systems respect the principle of traditional cost of service ratemaking
6 and ensure that those who use utility services pay for them, and that only when policies in
7 support of rate consolidation outweigh the principle of cost of service ratemaking should rates
8 be consolidated."
9

10 SN also submits Food and Water Watch, Fact Sheet June 2009, "Questions & Answers: A
11 Cost Comparison of Public and Private Water Utility Operation - Exhibit F. Page 1, "Q. Does
12 profit motive encourage private utilities to reduce cost? A. No, in fact, profit motive can drive up
13 costs. Because of state price regulation, private water utilities tie higher earnings to increased
14 costs. They earn a rate of return on investment, so that the more they spend on a system, the
15 more they profit."
16

17 Also, Table 1., Comparison of Annual Household Water Bills of Public and Private Utilities by
18 State(s)
19

20 Arizona Annual Household Bill, Municipal or Local Government Utility: \$225.00, Private or
21 Investor Owned Utilities: 329.40, Percent that Private Prices are Greater = 46%.
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EXHIBIT F

Questions & Answers: A Cost Comparison of Public and Private Water Utility Operation

Fact Sheet • June 2009

Several members of Congress, as well as the Obama administration, have recognized the need to improve our country's valuable drinking water and wastewater systems. They are pursuing commendable policies, including reauthorization of the Clean Water Act and creation of a Clean Water Trust Fund, which will help improve water quality and protect waterways across the nation.

While working through the details of such legislation, it is important to ensure wise allocation of taxpayer money. Because of the underlying costs associated with private operation, the public should not subsidize for-profit water services. Below are common questions with answers that can help clarify why public money for public utilities is the best deal for taxpayers.

Q. Do private utilities charge more for water and sewer service?

A. Yes, compared to local governments, private utilities charge the typical household 33 percent more for water (see table 1) and 63 percent more for sewer service (see table 2). For several states, the difference is even starker. In Delaware, investor-owned utilities charge 75 percent more than municipalities do for water.¹ In Texas, American Water charges two and a half times as much as the typical municipality for sewer service.²

Q. Are private water utilities more efficient than public utilities?

A. No, private utilities are not more efficient than public utilities, according to a meta-analysis of 17 econometric studies about privatization and costs in water distribution by professors from the University of Barcelona and Cornell University.³⁹

Q. Does profit motive encourage private utilities to reduce costs?

A. No, in fact, profit motive can drive up costs. Because of state price regulation, private water utilities tie higher earnings to increased costs. They earn a rate of return on investment, so that the more they spend on a system, the more they profit.

Table 1. Comparison of Annual Household Water Bills of Public and Private Utilities By State(s)

State(s)	Annual Household Bill Municipal or Local Government Utility	Private or Investor Owned Utilities	Percent that Private Prices are Greater
Alaska ³	\$441.84	\$458.79	4%
Arizona ⁴	\$225.00	\$329.40	46%
Arkansas ⁵	\$273.83	\$344.68	26%
California ⁶	\$415.86	\$500.42	20%
Connecticut ⁷	\$300.72	\$398.13	32%
Delaware ⁸	\$256.20	\$449.40	75%
Florida ⁹	\$300.96	\$360.02	20%
Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, Ohio and Wisconsin ¹⁰	\$280.44	\$318.72	14%
Illinois ¹¹	\$240.84	\$326.88	36%
Indiana ¹²	\$232.68	\$318.81	37%
Iowa ¹³	\$219.84	\$314.16	43%
Kentucky ¹⁴	\$316.07	\$361.21	14%
Maryland ¹⁵	\$232.50	\$381.00	64%
Massachusetts ¹⁶	\$357.00	\$481.00	35%
Maine ¹⁷	\$331.31	\$362.81	10%
New Hampshire ¹⁸	\$411.70	\$582.00	41%
New Jersey ¹⁹	\$258.00	\$318.00	23%
New Mexico ²⁰	\$259.83	\$356.34	37%
North Carolina ²¹	\$204.12	\$344.76	69%
Ohio ²²	\$444.73	\$510.40	15%
Oregon ²³	\$271.79	\$313.97	16%
Pennsylvania, New Jersey, Maryland ²⁴	\$289.20	\$367.20	27%
Tennessee ²⁵	\$306.00	\$381.00	25%
Texas ²⁶	\$329.40	\$553.80	68%
Utah ²⁷	\$307.23	\$359.05	17%
West Virginia ²⁸	\$375.40	\$456.82	22%
Wisconsin ²⁹	\$252.03	\$400.55	59%
Wyoming ³⁰	\$261.83	\$343.00	31%
Average			33%

Table 2. Comparison of Annual Household Sewer Bills of Public and Private Utilities By State

State	Annual Household Bill		Percent that Private Prices are Greater
	Municipal or Local Government Utility	Private or Investor Owned Utility	
Alaska ³¹	\$348.00	\$625.13	80%
Arizona ³²	\$247.32	\$371.52	50%
Florida ³³	\$452.95	\$519.43	15%
Indiana ³⁴	\$371.16	\$493.56	33%
North Carolina ³⁵	\$285.36	\$567.12	99%
Ohio ³⁶	\$466.00	\$556.66	19%
Texas ³⁷	\$261.72	\$666.00	154%
West Virginia ³⁸	\$382.35	\$410.92	7%
Average			63%

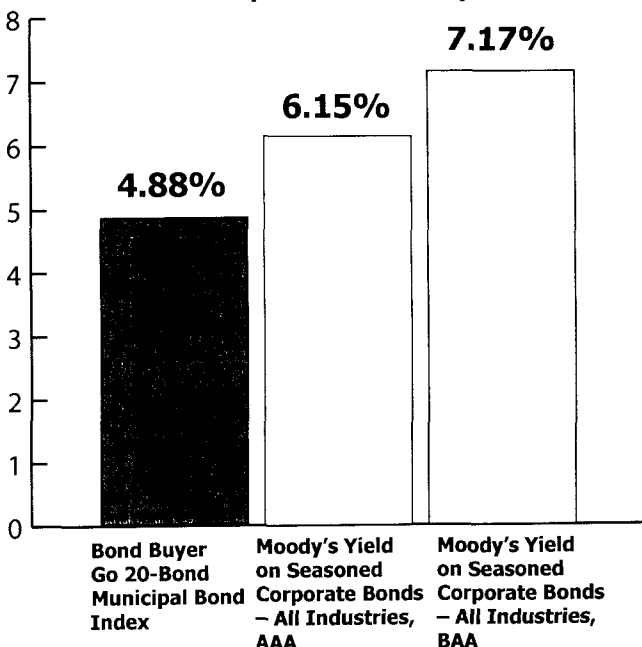
Q. Does privatization reduce the cost of water and sewer projects?

A. No, private management of water and sewer projects often increases costs. A professor of economics from Florida State University studied the construction of 35 wastewater treatment plants and concluded, "These figures suggest that choosing the privatization option is more costly than going with the traditional municipally owned and operated facility."⁴⁰

Q. Does privatization reduce financing costs?

A. No, private financing generally is more expensive than public financing. For example, over the last decade, even the best-rated, or prime, corporate bonds were 26 percent more expensive than the typical municipal general obligation bond, and medium-grade corporate bonds were 47 percent more expensive than municipal bonds (see figure 1).⁴¹

Figure 1: Average Annual Interest Rates for Bonds Issued Between January 1999 and January 2009



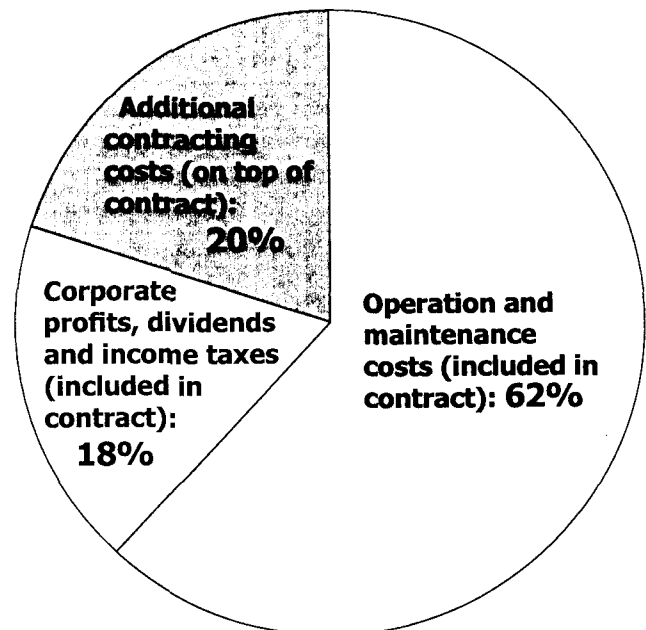
Note:: Average of monthly releases from the Federal Reserve Board



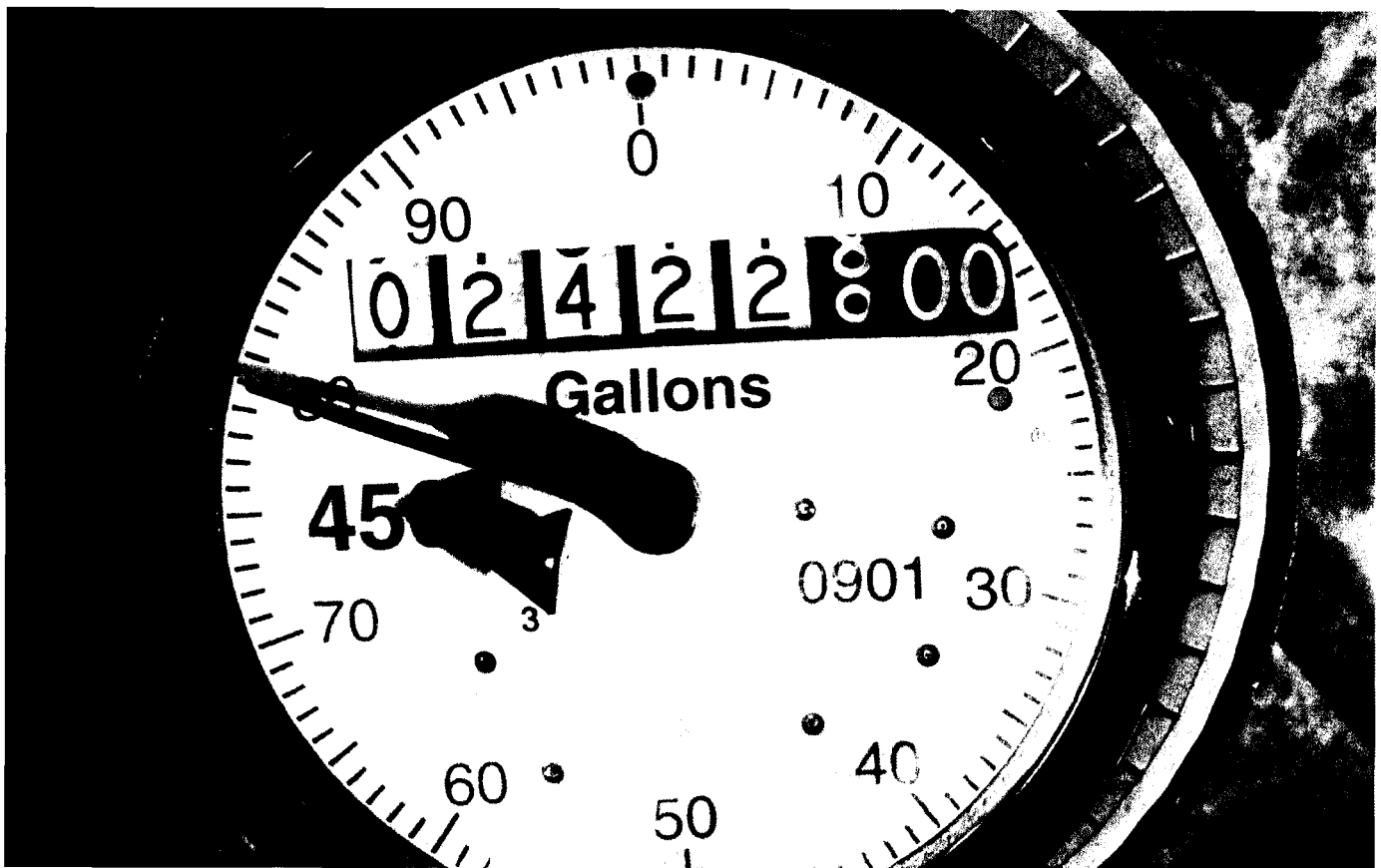
Q. Does competition lead to cheaper contracts and reduced costs?

A. In theory, it would, but in practice, there is little to no competition for water service contracts. Without competition, the public has no room to negotiate and can get stuck with bad and expensive deals. One academic study found that the water market is "rarely competitive."⁴² The nation's massive infrastructure needs may only make this worse as water corporations consolidate for greater access to capital to finance improvement projects.⁴³

Figure 2: Total Cost of Water and Sewer Contracting



Profit requirements, income taxes, contract monitoring and administration and other contracting expenses can add more than 60 percent on to operation and maintenance costs.



Q. How much do profits and taxes affect the cost of water service?

A. In total, corporate profits, dividends and income taxes add 20 to 30 percent onto operation and maintenance costs (see figure 2).⁴⁴

Q. How much does it cost for a municipality to enter into a contract with a private operator?

A. In total, contract monitoring and administration, conversion of the workforce, unplanned work and use of public equipment and facilities can increase the price of a contract by as much as 25 percent (see figure 2).⁴⁵ Other hidden expenses, including change orders, cost overruns and termination fees, can further inflate the price of private service.

Q. What are the cost-cutting measures employed by private operators?

A. When private operators attempt to cut costs, they often use shoddy construction materials, ignore needed maintenance, and downsize the workforce, which impairs customer service. On average, more than one-third of water utility jobs are lost after privatization.⁴⁶ Such neglect hastens equipment breakdowns and increases replacement costs, which the public must pay for. In many contracts, private operators can technically comply with their contract terms while effectively shifting upkeep costs to the public.⁴⁷

Q. Do municipalities lose anything by contracting out water or sewer services?

A. Yes, public operation often has several additional benefits that municipalities can lose when they privatize services: revenue from government entrepreneurial sales

of services and products, including biosolids and wastewater effluent; intra-government coordination to pool resources and assist other government departments; and inter-government coordination to protect water resources, manage watersheds and work for long-term sustainability.⁴⁸

Q. Should the government give out low-interest loans to private water and sewer utilities?

A. No, it is illogical for taxpayers to subsidize investor-owned water utilities that regularly send profits out of local communities to stockholders in distant places. The federal government should invest in public utilities, which will reinvest the money into communities.

End Notes

- 1 Corrozi Narvaez, Martha and Maureen H.S. Nelson. "Synthesis of Water Rates in Delaware and Contiguous States." University of Delaware, College of Human Services, Education & Public Policy, Institute for Public Administration. December 2008 at 5.
- 2 Texas Municipal League. "2009 Annual TML Water and Wastewater Survey Results." 2009 at Wastewater Fees by Population Category Summary; Texas-American Water. [Brochure]. "Notice of proposed sewer rate change." February 21, 2008.
- 3 Regulatory Commission of Alaska. "FY07 Water Rates." February 4, 2008.
- 4 Water Infrastructure Finance Authority of Arizona. "Water and wastewater residential rate survey for the State of Arizona." 2007 at 12.
- 5 Allen & Hoshall. "Arkansas water and sewer rate survey." April 2008 at 5 to 9; U.S. Environmental Protection Agency. Safe Drinking Water Information System Pivot Tables, Public Water System Inventory Data. October 2007.
- 6 Black & Veatch. "2006 California Water Rate Survey." 2006.
- 7 Tighe & Bond. "2007 Connecticut water rate survey." 2007 from 4 to 14.

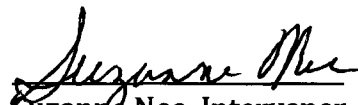
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11 ORIGINAL and thirteen (13) copies
12 Of the foregoing were filed this 18th
13 day of December, 2013 with:
14

15 Docket Control
16 Arizona Corporation Commission
17 1200 W. Washington Street
18 Phoenix, AZ 85007
19

20 COPY of the foregoing was mailed
21 this 18th day of December to:
22

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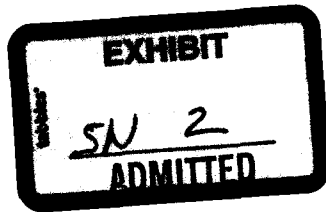
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Jan. 6, 2014

Suzanne Nee
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BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE APPLICATION
OF PAYSON WATER CO., INC., AN
ARIZONA CORPORATION, FOR A
DETERMINATION OF THE FAIR VALUE
OF ITS UTILITY PLANTS AND
PROPERTY AND FOR INCREASES IN ITS
WATER RATES AND CHARGES FOR
UTILITY SERVICE BASED THEREON.

DOCKET NO: W-03514A-13-0111

IN THE MATTER OF THE APPLICATION
OF PAYSON WATER CO., INC., AN
ARIZONA CORPORATION, FOR
AUTHORITY TO: (1) ISSUE EVIDENCE
OF INDEBTEDNESS IN AN AMOUNT
NOT TO EXCEED \$1,238,000 IN
CONNECTION WITH INFRASTRUCTURE
IMPROVEMENTS TO THE UTILITY
SYSTEM; AND (2) ENCUMBER REAL
PROPERTY AND PLANT AS SECURITY
FOR SUCH INDEBTEDNESS.

DOCKET NO: W-03514A-13-0142

SUPPLEMENT TO PRE-FILED TESTIMONY

Pursuant to the Procedural Order issued on Dec. 9, 2013, Suzanne Nee, "SN", is granted intervention in the above-captioned matter.

After reviewing Payson Water Company's Annual Reports, specifically the years 2006 through 2010 and 2012¹, and specifically the "Water Use Data Sheet by Month" for the Mesa Del Caballo water system, the following trends were observed:

- 1) Gallons Sold (Thousands) from the year 2006 to 2012: Gallons **Sold** has **decreased 35%**, from 19,921 (Thousands) to 12,943 (Thousands). See **Exhibit A**.
- 2) Gallons Purchased (Thousands) from the year 2006 to 2012: Gallons **Purchased** has **decreased 79%** from 16,214 (Thousands) to 3,404 (Thousands). See **Exhibit B**.
- 3) Gallons Pumped (Thousands) from the year 2006 to 2012: Gallons **Pumped** has **increased 99.8%** from 6,824 (Thousands) to 13,635 (Thousands). See **Exhibit C**.

¹ Payson Water Company's 2011 Annual Report does not contain Water Use Data for Mesa Del Caballo.

4) In fact, in 2012, Gallons **Sold** at MdC were **12,943** (Thousands) and Gallons **Pumped** were 13,635 (Thousands). So in fact, Gallons Pumped exceeded Gallons Sold for 2012, so why was there a need to purchase the 3,404 (Thousand) gallons? **Exhibit D.**

This data is taken from Payson Water Company's 2012 Annual Report, Mesa Del Caballo Water Use Data – **Exhibit E.** **Note:** The sum of the Gallons Sold column is actually 12,943 and the sum of the Gallons Pumped column is 13,635.

5) Also, Payson Water Company claims to have Purchased 2,874 Thousand Gallons for MdC in September 2012. In that same month, PWC claims to have Pumped 1,243 Thousand Gallons for MdC. If PWC would now want to claim that the Gallon Sold should equal Gallons Pumped plus Gallons Purchased, $2,874 + 1,243 = 4,117$ Thousand Gallons. That would mean that the 362 MdC Customers in September averaged using 11,373 Gallons of water. See **Exhibit F**- which compares MdC Gallons per Customer (Thousands) 2010 vs 2012. Clearly, September 2012 Gallons Purchased seems to be a data outlier.

Also after reviewing Payson Water Company's Annual Reports, I noticed something that seems unusual in their Income Statements. What is unusual is the percentage that Miscellaneous Expenses is of Total Operating Expenses.

In 2010, Misc. Expense was \$248,909 and Total Operating Expense was \$558,716 or **44.6%** of Total Operating Expenses. (**Exhibit G** – Prior Year) In 2011, Misc. Expense was \$231,299 and Total Operating Expense was \$589,764 or **39.2%**. (**Exhibit G** – Current Year) In 2012, Misc. Expense was \$249,525 and Total Operating Expense was \$592,977 or **42.1%**. – **Exhibit H.**

Compare this Misc. Expense/Total Operating Expense to that of Valencia Water Company (Greater Buckeye). Valencia is managing about **2X** the Assets of PWC. Valencia Water Company's 2012 Misc. Expenses were \$10,856 and Total Operating Expenses were \$403,612 or **2.7%**. See **Exhibit I.**

A second comparison is Adaman Mutual Water Company. Adaman is managing **1.5X** the Assets of PWC. Adaman's 2012 Misc. Expenses were \$4,622 and its Total Operating expenses were \$378,747 or **1.22%**. See **Exhibit J.**

A third comparison is Ponderosa Utility. Ponderosa is managing about **30%** of PWC's assets. In 2012, Ponderosa's Misc. Expenses were \$5,768 and Total Operating Expenses were \$276,228 or **2.1%**. See **Exhibit K.**

In fact of the several Arizona Public Water Utilities that I researched, only Brooke Water, LLC, owned by Mr. Robert T. Hardcastle, which had 2012 Assets (Original Cost Less Accumulated Depreciation) of \$734,847, similar to Payson Water Company's 2012 Assets of \$739,873, had such an egregious Misc. Expense to Total Operating Expenses. Brooke's 2012 Misc. Operating Expenses were \$340,861 and Total Operating Expenses were \$620,132 or **55%**. See **Exhibit L.**

1 Which leads to another question? Payson Water Company was bought from Mr.
2 Hardcastle 06/01/13 by Mr. Jason Williamson. Prior to this date, the water company that was
3 serving Mead Ranch was doing Business as "Brooke Utilities." But it appears that Mr.
4 Hardcastle's accounting system reported that the six communities of Marina Village,-PWS 15-
5 011, Rio Lindo - PWS-15-040, Holiday Harbour - PWS 15-058, Parker Dam - PWS 15-027,
6 Lakeside - PWS 15-010 and Moovalya Keys PWS-006 comprised Brooke Water, LLC.
7

8 How does Mr. Hardcastle keep his books separate when he is billing one group of
9 customers under one name (Brooke Utilities) and reporting to the Arizona Corporation
10 Commission under a different name (Payson Water Company)? I am not an accountant, but it
11 does not seem proper, is it legal to maintain the books like this? See Brooke Water LLC 2012
12 Annual Report Water, **Exhibit M**.
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14 See full Payson Water Company's 2010-2012 Annual Reports, **Exhibits N, O and P**,
15 respectively. See Mesa Del Caballo Water Use Data sheets 2006 - 2009, **Exhibit Q**.
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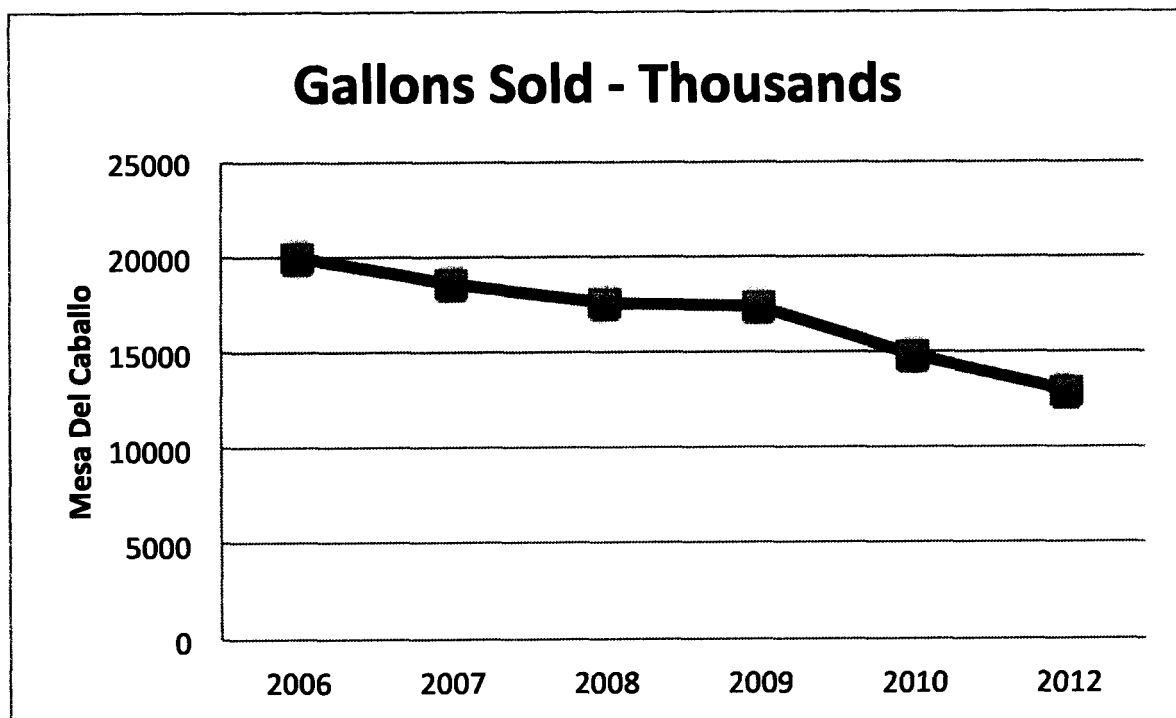
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Exhibit A

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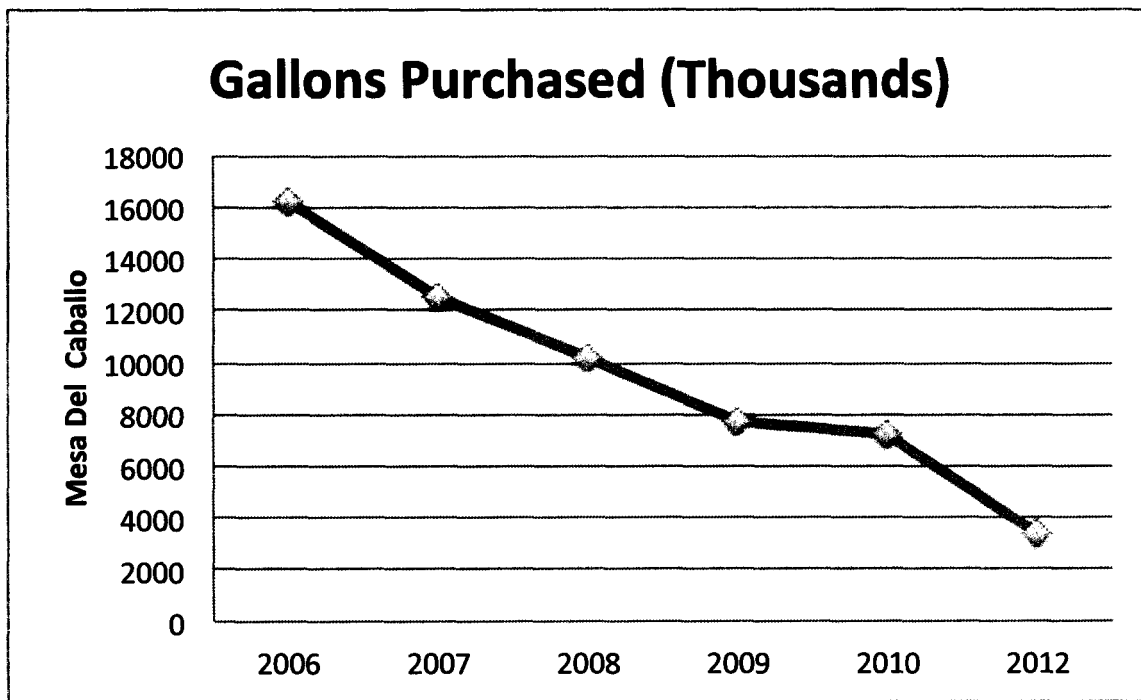


Percent **Decrease** in Gallons Sold = $(19,921 - 12,943) / 19,921 = 35\%$

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Exhibit B

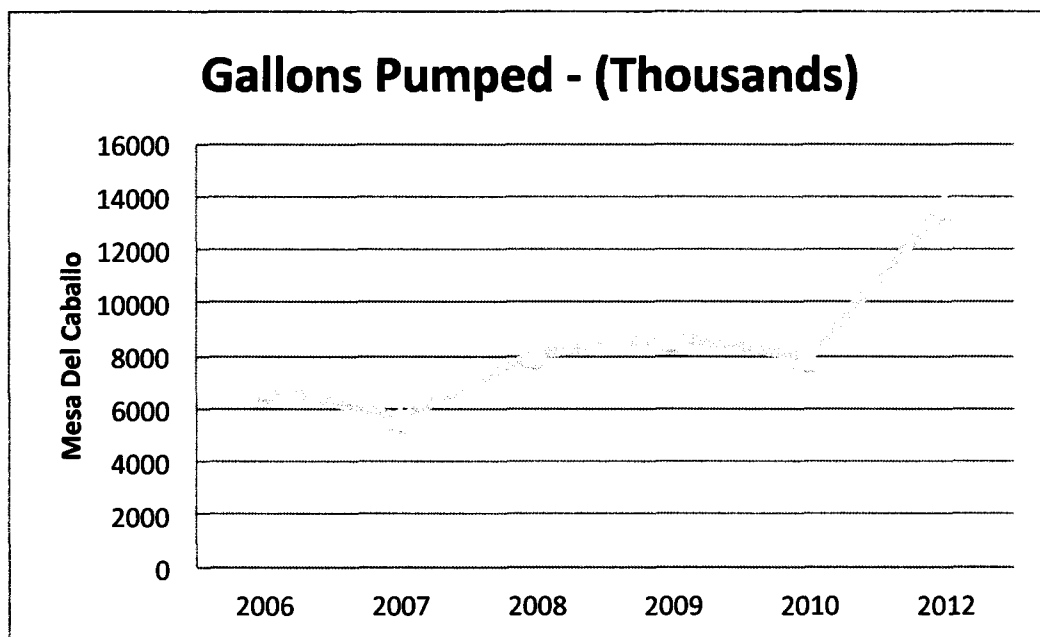
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Percent **Decrease** in Gallons Purchased = $(16,214 - 3,404) / 16,214 = 79\%$

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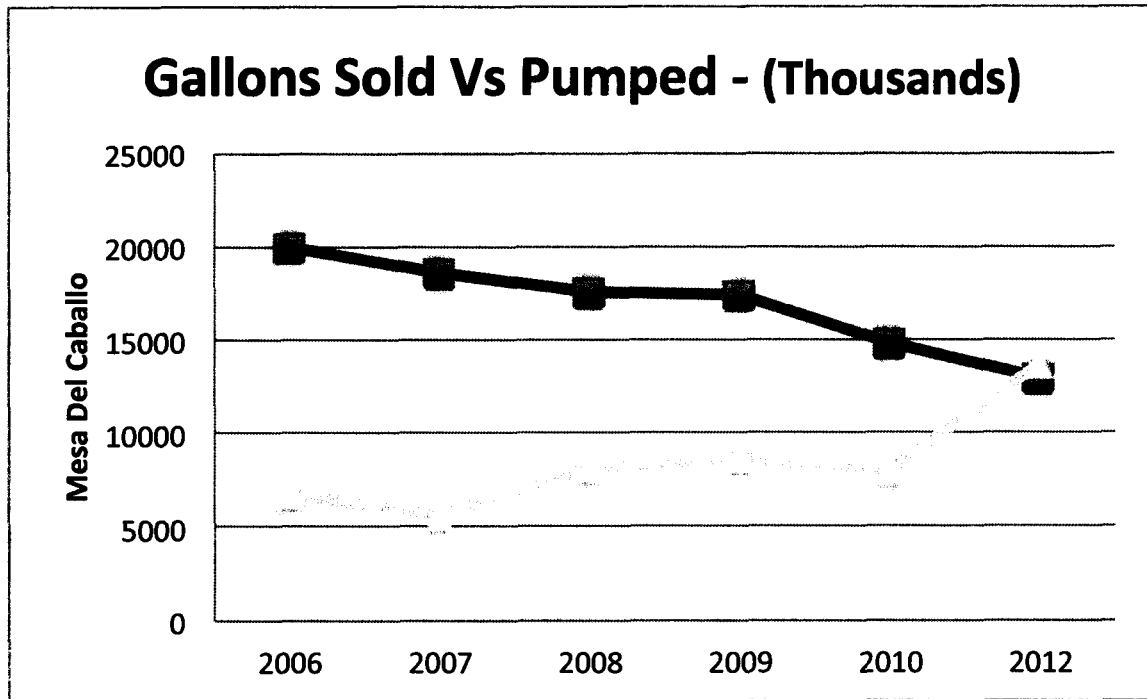
Exhibit C



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Percent **Increase** in Gallons Pumped = $(13,635 - 6,824) / 6,824 = 99.8\%$

Exhibit D



Note MdC 2012: Gallons **Pumped** = 13,635, Gallons are greater than Gallons **Sold** = 12,943.

Exhibit E

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COMPANY NAME: Payson Water Co., Inc.

Name of System: Mesa del Caballo

ADEQ Public Water System Number:

PWS 04-030

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2012

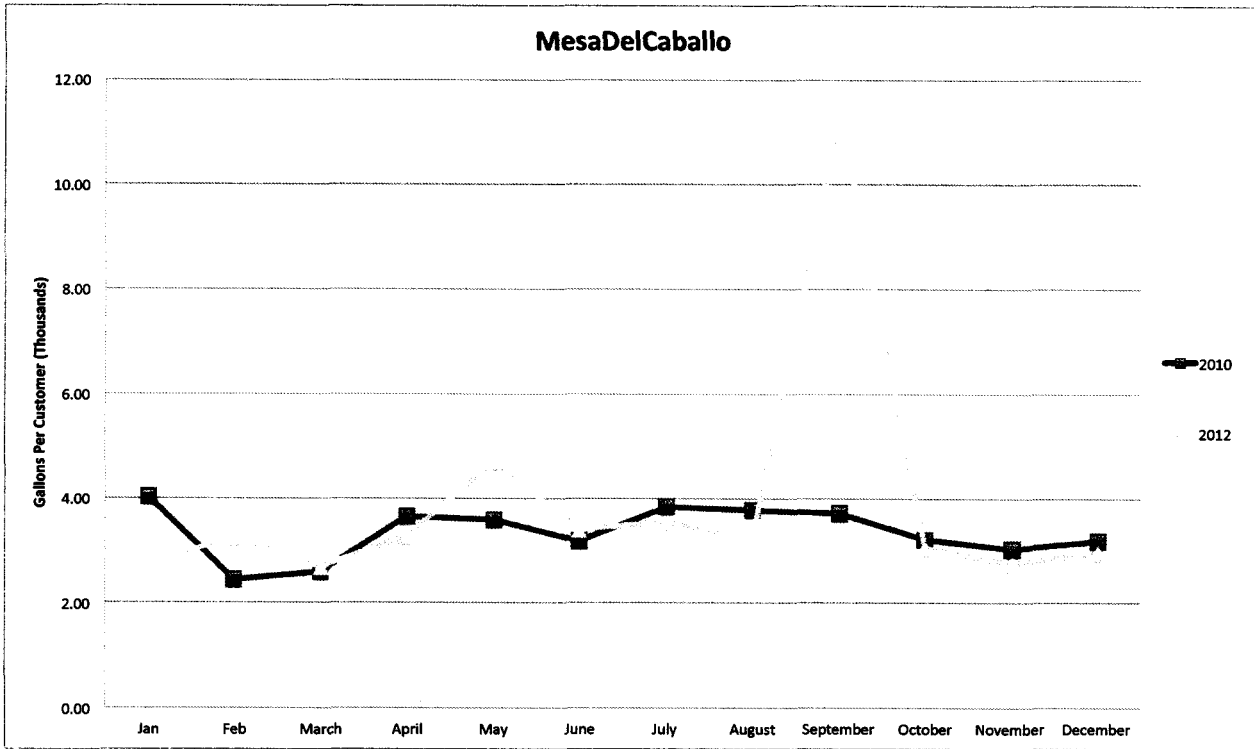
MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	364	1001	1005	
FEBRUARY	361	1010	1170	
MARCH	364	940	977	
APRIL	364	1093	1192	
MAY	361	1125	1187	508
JUNE	362	1279	1226	
JULY	365	1292	1298	
AUGUST	360	1129	1163	
SEPTEMBER	362	1072	1243	2874
OCTOBER	363	1022	1105	12
NOVEMBER	363	951	1003	
DECEMBER	364	1029	1066	10
TOTALS →		12948	13441	3404

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Note: If you add Gallons Sold, January through December, the sum is 12,943, not 12,948.
Also, if you add Gallons Pumped, January through December, the sum is 13,635, not 13,441.

Exhibit F

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If one added MdC's September 2012 Gallons Pumped + Gallons Purchased, the Total Gallons (Thousands) divided by the 362 customers = **11,373** Gallons per MdC Customer .

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Exhibit G

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COMPANY NAME Payson Water Co., Inc

12/31/2011

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 437,162	\$ 474,116
460	Unmetered Water Revenue		
474	Other Water Revenues	10,302	22,923
	TOTAL REVENUES	\$ 447,464	\$ 497,039
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 51,561	\$ 56,886
610	Purchased Water	24,322	46,604
615	Purchased Power	60,310	60,782
618	Chemicals	42	
620	Repairs and Maintenance	15,492	22,692
621	Office Supplies and Expense		
630	Outside Services	41,021	48,621
635	Water Testing	14,124	17,916
641	Rents		
650	Transportation Expenses		
657	Insurance - General Liability		
659	Insurance - Health and Life	2,374	2,614
666	Regulatory Commission Expense - Rate Case		
675	Miscellaneous Expense	248,909	231,299
403	Depreciation Expense	76,927	77,458
408	Taxes Other Than Income		
408.11	Property Taxes	23,634	24,892
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 558,716	\$ 589,764

PWC 2010

Misc. Expenses: \$248,909

Total Oper. Expenses: \$558,716

Misc. Expenses/Total Oper. Expenses: 44.6%

PWC 2011

Misc. Expenses: \$231,299

Total Oper. Expenses: \$589,764

Misc. Expenses/Total Oper. Expenses: 39.2%

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Exhibit H

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COMPANY NAME Payson Water Co., Inc

12/31/2012

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 474,116	\$ 386,877
460	Unmetered Water Revenue		
474	Other Water Revenues	22,923	8,031
	TOTAL REVENUES	\$ 497,039	\$ 394,908
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 56,886	\$ 55,688
610	Purchased Water	46,604	51,953
615	Purchased Power	60,782	56,482
618	Chemicals		
620	Repairs and Maintenance	22,692	27,774
621	Office Supplies and Expense		
630	Outside Services	48,621	67,734
635	Water Testing	17,916	11,000
641	Rents		
650	Transportation Expenses		
657	Insurance - General Liability		
659	Insurance - Health and Life	2,614	266
666	Regulatory Commission Expense - Rate Case		
675	Miscellaneous Expense	231,299	249,525
403	Depreciation Expense	77,458	61,428
408	Taxes Other Than Income		
408.11	Property Taxes	24,892	11,127
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 589,764	\$ 592,977

PWC 2012

Misc. Expenses: \$249,525

Total Oper. Expenses: \$592,977

Misc. Expenses/Total Oper. Expenses: 42.1%

Exhibit I

COMPANY NAME: VALENCIA WATER COMPANY, INC. (GREATER BUCKEYE DIVISION)

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$467,299	\$465,162
460	Unmetered Water Revenue	0	0
474	Other Water Revenues	10,238	8,884
	TOTAL REVENUES	\$477,537	\$474,046
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 94,535	\$ 103,199
604	Employee Pensions and Benefits	92	597
610	Purchased Water	51,353	54,865
615	Purchased Power	23,141	24,537
616	Fuel for Power Productin	470	700
618	Chemicals	(3,710)	8,485
620	Materials and Supplies	6,144	3,918
621	Office Supplies and Expense	5,443	3,832
631	Contractual Services - Eng.	-	-
632	Contractual Services - Acctg.	5,737	8,133
633	Contractual Services - Management Fees	26,149	26,541
634	Contractual Services - Legal	2,293	9,900
635	Contractual Services - Testing	3,252	3,394
636	Contractual Services - Other	3,336	7,598
641	Rental of Building	4,216	4,205
642	Rental of Equipment	-	-
650	Transportation Expenses	9,090	8,678
657	Insurance - General Liability	2,836	1,872
658	Insurance - Workers Comp	420	357
659	Insurance - Other	9,181	10,266
660	Advertising Expense	416	148
666	Regulatory Commission Expense - Rate Case	1,333	1,333
667	Regulatory Commission Expense - Other	-	79
670	Bad Debt Expense	11,720	3,515
675	Miscellaneous Expense	12,062	10,856
403	Depreciation Expense	137,751	95,114
403	Depreciation Expense -CIAC Amortization	(25,605)	(43,388)
408	Taxes Other Than Income	7,678	8,427
408.1	Property Taxes	19,177	21,903
409	Income Tax	23,499	24,548
	TOTAL OPERATING EXPENSES	\$432,009	\$403,612

Valencia W.C. (Greater Buckeye) 2012

Misc. Expenses: \$10,856

Total Oper. Expenses: \$403,612

Misc. Expenses/Total Oper. Expenses: 2.7%

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Exhibit J

COMPANY NAME

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 306,704	\$ 326,641
460	Unmetered Water Revenue		
474	Other Water Revenues <i>Good year Bulk water</i>	64,549	103,520
	TOTAL REVENUES	\$ 371,253	\$ 430,161
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 111,415	\$ 119,364
610	Purchased Water	36,196	24,341
615	Purchased Power	29,300	18,382
618	Chemicals	10,586	9,927
620	Repairs and Maintenance	119,555	61,161
621	Office Supplies and Expense	7,683	15,120
630	Outside Services	18,242	21,427
635	Water Testing	2,456	2,368
641	Rents	8,400	8,400
650	Transportation Expenses	12,522	16,733
657	Insurance - General Liability	6,782	6,954
659	Insurance - Health and Life	3,946	3,820
666	Regulatory Commission Expense - Rate Case		
675	Miscellaneous Expense	5,024	4,622
403	Depreciation Expense	59,684	54,750
408	Taxes Other Than Income		
408.11	Property Taxes	10,910	12,378
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 438,649	\$ 378,747

Adaman Mutual W.C. 2012

Misc. Expenses: \$4,622

Total Oper. Expenses: \$378,747

Misc. Expenses/Total Oper. Expenses: 1.22%

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Exhibit K

Company Name: Ponderosa Utility Corporation

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 259,440	\$ 265,759
462	Surcharge Revenue		
474	Other Water Revenues	3,082	7,666
	TOTAL REVENUES	\$ 262,522	\$ 273,425
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 76,501	\$ 90,473
610	Purchased Water		
615	Purchased Power	28,226	25,484
618	Chemicals	526	
620	Repairs and Maintenance	21,795	31,928
621	Office Supplies & Expense	16,296	12,638
630	Outside Services	17,364	21,078
635	Water Testing	3,425	3,059
641	Rents	30,000	43,200
650	Transportation Expenses	22,614	11,406
657	Insurance - General Liability	3,111	3,995
659	Insurance - Health and Life		
665	Regulatory Expenses		
675	Miscellaneous Expense	2,588	5,768
403	Depreciation Expense	12,767	14,505
408	Taxes Other Than Income	6,854	
408.11	Property Taxes	11,012	12,696
409	Income Tax	45	
427.2	Customer Security Deposit Interest		
	TOTAL OPERATING EXPENSES	\$ 253,124	\$ 276,228

Ponderosa Utility 2012

Misc. Expenses: \$5,786

Total Oper. Expenses: \$276,228

Misc. Expenses/Total Oper. Expenses: 2.1%

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Exhibit L

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 824,234	\$ 814,661
460	Unmetered Water Revenue		
474	Other Water Revenues	29,120	23,893
	TOTAL REVENUES	\$ 853,354	\$ 838,554
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 77,594	\$ 67,180
610	Purchased Water	108	61
615	Purchased Power	39,039	37,293
618	Chemicals	6,168	7,484
620	Repairs and Maintenance	42,039	40,183
621	Office Supplies and Expense	965	896
630	Outside Services	2,472	2,493
635	Water Testing	9,717	17,844
641	Rents		
650	Transportation Expenses		
657	Insurance - General Liability		
659	Insurance - Health and Life	9,024	7,031
666	Regulatory Commission Expense - Rate Case		
675	Miscellaneous Expense	317,683	340,861
403	Depreciation Expense	69,000	71,680
408	Taxes Other Than Income		
408.11	Property Taxes	25,326	27,126
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 598,135	\$ 620,132

Brooke Water, LLC 2012

Misc. Expenses: \$340,861

Total Oper. Expenses: \$620,132

Misc. Expenses/Total Oper. Expenses: 55.0%

1 The management of a company is responsible for increasing Revenue and/or reducing
2 Expenses to increase the company's net income. Just because Payson Water Company is a Public
3 Utility, PWC's management should not be rewarded with a higher Return on Net Assets when
4 they have not demonstrated that they can efficiently manage their miscellaneous expenses
5 compared to other public water utilities in Arizona.
6

7 I request that the Arizona Corporation Commission look into Payson Water Company's
8 Miscellaneous Expenses (and Brooke Water, LLC). Why are their Misc. Expenses such a large
9 proportion of Total Operating Expenses as compared to the other three businesses noted?
10 Where are these Misc. Expenses going? Since Payson Water Company's Misc. Expenses are so out
11 of line with similar businesses, they should not be granted even a 6% Return on Assets.
12

13 Payson Water Company is a business with no competitive risk, no risk that customers will
14 switch to an alternative product (humans need water to drink, cook, and wash), virtually (if the
15 water plant facility is secure) no risk that their product will not meet their customers'
16 specifications. Their only real risk is the Regulatory Risk that you will not grant them the Return
17 on Assets they have requested via a rate increase.
18

19 I urge the Arizona Corporation Commission to do a thorough and proper review of the
20 material in these consolidated dockets. As indicated by Payson Water Company's own records,
21 there is no urgent need for the Mesa Del Caballo - Cragin Pipeline tie in, and in fact, it appears
22 that there may not be a need at all for the tie in. One alternative solution to their large, capital
23 intensive, proposal would be for Payson Water Company to purchase a water tanker truck as
24 suggested in Document #0000151202.
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Exhibit M

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

W-03039A
Brooke Water LLC
P.O. Box 82218
Bakersfield, CA 93380

RECEIVED

APR 15 2013

ACC. UTILITIES DIRECTOR

ANNUAL REPORT
Water

FOR YEAR ENDING

12	31	2012
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FOR COMMISSION USE

ANN 04	12
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4-17-13

COMPANY INFORMATION

Company Name (Business Name) <u>Brooke Water LLC</u>		
Mailing Address <u>P.O. Box 82218</u>		
<u>Bakersfield</u> <small>(City)</small>	<u>CA</u> <small>(State)</small>	<u>93380</u> <small>(Zip)</small>
<u>(661) 633-7526</u> <small>Telephone No. (Include Area Code)</small>	<u>(855) 672-5057</u> <small>Fax No. (Include Area Code)</small>	 <small>Cell No. (Include Area Code)</small>
Email Address <u>customerservicecenter@brookeutilities.com</u>		
Local Office Mailing Address <u>9079 Riverside Dr.</u>		
<u>Parker</u> <small>(City)</small>	<u>AZ</u> <small>(State)</small>	<u>85344</u> <small>(Zip)</small>
<u>(928) 667-3336</u> <small>Local Office Telephone No. (Include Area Code)</small>	<u>(928) 661-2527</u> <small>Fax No. (Include Area Code)</small>	 <small>Cell No. (Include Area Code)</small>
Email Address <u>DavidA@brookeutilities.com</u>		

MANAGEMENT INFORMATION

<input type="checkbox"/> Regulatory Contact:			
<input checked="" type="checkbox"/> Management Contact: <u>Robert T. Hardcastle</u>		Managing Member	
<u>P.O. Box 82218</u> <small>(Street)</small>	<u>Bakersfield</u> <small>(City)</small>	<u>CA</u> <small>(State)</small>	<u>93380</u> <small>(Zip)</small>
<u>(661) 633-7526</u> <small>Telephone No. (Include Area Code)</small>	<u>(855) 672-5057</u> <small>Fax No. (Include Area Code)</small>	 <small>Cell No. (Include Area Code)</small>	
Email Address <u>RTH@brookeutilities.com</u>			
On Site Manager: <u>David Allred</u>			
<u>9079 Riverside Dr.</u> <small>(Street)</small>	<u>Parker</u> <small>(City)</small>	<u>AZ</u> <small>(State)</small>	<u>85344</u> <small>(Zip)</small>
<u>(928) 667-3336</u> <small>Telephone No. (Include Area Code)</small>	<u>(928) 661-2527</u> <small>Fax No. (Include Area Code)</small>	 <small>Cell No. (Include Area Code)</small>	
Email Address _____			

Statutory Agent: Robert T. Hardcastle

(Name)

P.O. Box 82218

Bakersfield

CA

93380

(Street)

(City)

(State)

(Zip)

(661) 633-7526

(855)672-5057

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Cell No. (Include Area Code)

Attorney: Jay Shapiro of Fennemore Craig

(Name)

2394 Camelback Rd., Suite 600

Phoenix

AZ

85016

(Street)

(City)

(State)

(Zip)

(602) 916-5000

(602) 916-5920

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Cell No. (Include Area Code)

Email Address _____

OWNERSHIP INFORMATION

Check the following box that applies to your company:

☐ **Sole Proprietor (S)**

☐ **C Corporation (C) (Other than Association/Co-op)**

☐ **Partnership (P)**

☐ **Subchapter S Corporation (Z)**

☐ **Bankruptcy (B)**

☐ **Association/Co-op (A)**

☐ **Receivership (R)**

☒ **Limited Liability Company**

☐ **Other (Describe)** _____

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

☐ **APACHE**

☐ **COCHISE**

☐ **COCONINO**

☐ **GILA**

☐ **GRAHAM**

☐ **GREENLEE**

☒ **LA PAZ**

☐ **MARICOPA**

☐ **MOHAVE**

☐ **NAVAJO**

☐ **PIMA**

☐ **PINAL**

☐ **SANTA CRUZ**

☐ **YAVAPAI**

☐ **YUMA**

☐ **STATEWIDE**

COMPANY NAME

Brooke Water Co. LLC

12/31/2012

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization			
302	Franchises			
303	Land and Land Rights	232,332		232,332
304	Structures and Improvements	30,715	7,328	23,387
307	Wells and Springs			
311	Pumping Equipment	118,618	70,808	47,810
320	Water Treatment Equipment	88,157	49,665	38,492
330	Distribution Reservoirs and Standpipes	121,602	100,592	21,010
331	Transmission and Distribution Mains	659,917	495,005	164,912
333	Services	12,480	5,316	7,164
334	Meters and Meter Installations	243,120	79,669	163,451
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment	17,753	11,259	6,494
340	Office Furniture and Equipment	23,579	22,957	622
341	Transportation Equipment	92,986	79,641	13,345
343	Tools, Shop and Garage Equipment	16,341	4,805	11,536
344	Laboratory Equipment			
345	Power Operated Equipment	4,883	1,900	2,983
346	Communication Equipment	5,217	5,217	
347	Miscellaneous Equipment			
348	Other Tangible Plant	1,402	93	1,309
	TOTALS	1,669,102	934,255	734,847

This amount goes on the Balance Sheet Acct. No. 108

COMPANY NAME

Brooke Water Co. LLC

12/31/2012

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization			
302	Franchises			
303	Land and Land Rights	232,332		
304	Structures and Improvements	30,715	3.08%	946
307	Wells and Springs			
311	Pumping Equipment	118,618	3.85%	4,567
320	Water Treatment Equipment	88,157	4.27%	3,764
330	Distribution Reservoirs and Standpipes	121,602	4.47%	5,436
331	Transmission and Distribution Mains	659,917	4.54%	29,960
333	Services	12,480	4.12%	514
334	Meters and Meter Installations	243,120	3.77%	9,166
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment	17,753	5.60%	994
340	Office Furniture and Equipment	23,579	0.59%	139
341	Transportation Equipment	92,986	15.24%	14,171
343	Tools, Shop and Garage Equipment	16,341	4.80%	785
344	Laboratory Equipment			
345	Power Operated Equipment	4,883	3.99%	195
346	Communication Equipment	5,217	20.00%	1,043
347	Miscellaneous Equipment			
348	Other Tangible Plant	1,402		
	TOTALS	1,669,102	4.30%	71,680

This amount goes on the Comparative Statement of Income and Expense
Acct. No. 403.



BALANCE SHEET

Acct No.	ASSETS	BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$	\$
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable		
146	Notes/Receivables from Associated Companies	936,453	65,373
151	Plant Material and Supplies	37,564	32,541
162	Prepayments	700	700
174	Miscellaneous Current and Accrued Assets		
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 974,717	\$ 98,614
	FIXED ASSETS		
101	Utility Plant in Service	\$ 1,604,664	\$ 1,669,102
103	Property Held for Future Use		
105	Construction Work in Progress	46,821	
108	Accumulated Depreciation – Utility Plant	(867,510)	(934,255)
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	TOTAL FIXED ASSETS	\$ 783,976	\$ 734,847
	TOTAL ASSETS	\$ 1,758,693	\$ 833,461

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITIES		
231	Accounts Payable	\$	\$
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies	2,422	
235	Customer Deposits		
236	Accrued Taxes		
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	TOTAL CURRENT LIABILITIES	\$ 2,422	\$
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$	\$
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction	21,659	21,659
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction	122,959	122,959
272	Less: Amortization of Contributions	(106,437)	(114,639)
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	\$ 38,181	\$ 29,979
	TOTAL LIABILITIES	\$ 40,603	\$ 29,979
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$	\$
211	Paid in Capital in Excess of Par Value		
215	Retained Earnings		
218	Proprietary Capital (Sole Props and Partnerships)	1,718,090	803,482
	TOTAL CAPITAL	\$ 1,718,090	\$ 803,482
	TOTAL LIABILITIES AND CAPITAL	\$ 1,758,693	\$ 833,461

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 824,234	\$ 814,661
460	Unmetered Water Revenue		
474	Other Water Revenues	29,120	23,893
	TOTAL REVENUES	\$ 853,354	\$ 838,554
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 77,594	\$ 67,180
610	Purchased Water	108	61
615	Purchased Power	39,039	37,293
618	Chemicals	6,168	7,484
620	Repairs and Maintenance	42,039	40,183
621	Office Supplies and Expense	965	896
630	Outside Services	2,472	2,493
635	Water Testing	9,717	17,844
641	Rents		
650	Transportation Expenses		
657	Insurance – General Liability		
659	Insurance - Health and Life	9,024	7,031
666	Regulatory Commission Expense – Rate Case		
675	Miscellaneous Expense	317,683	340,861
403	Depreciation Expense	69,000	71,680
408	Taxes Other Than Income		
408.11	Property Taxes	25,326	27,126
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 599,135	\$ 620,132
	OPERATING INCOME/(LOSS)	\$ 254,219	\$ 218,422
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income	(2,000)	
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	(17)	(31)
	TOTAL OTHER INCOME/(EXPENSE)	\$ (2,017)	\$ (31)
	NET INCOME/(LOSS)	\$ 252,202	\$ 218,391

COMPANY NAME

SUPPLEMENTAL FINANCIAL DATA

Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued				
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$	\$	\$	\$
Amount Outstanding	\$	\$	\$	\$
Date of Maturity				
Interest Rate	%	%	%	%
Current Year Interest	\$	\$	\$	\$
Current Year Principle	\$	\$	\$	\$

Meter Deposit Balance at Test Year End

\$ 12,971.00

Meter Deposits Refunded During the Test Year

\$ 6,459.00

Brooke Water Company

Balance Sheet Account Reconciliation
Account 2500.21 - Refundable Meter Deposit
December 31st, 2012

Location ID	Zone ID	Original Deposit Amount	Deposit Date	11/OEC/2011 Out-landings Amount	Auditors New Deposit	Debitors 2012 Inland	Out-landings Amount
51820	11-L5	\$250.00	07/01/2004	\$75.00	\$25.00	(\$75.00)	\$25.00
51994	11-L5	\$250.00	05/19/2006	\$125.00	\$25.00	(\$75.00)	\$75.00
51991	11-MV	\$250.00	05/03/2006	\$125.00	\$25.00	(\$75.00)	\$75.00
52910	11-MK	\$250.00	05/19/2005	\$100.00	\$0.00	(\$75.00)	\$25.00
53118	11-MK	\$250.00	12/28/2004	\$100.00	\$0.00	(\$75.00)	\$25.00
53169	11-MK	\$250.00	08/02/2006	\$125.00	\$0.00	(\$75.00)	\$50.00
53652	11-MK	\$250.00	09/07/2005	\$100.00	\$50.00	(\$75.00)	\$75.00
53680	11-MK	\$250.00	05/19/2005	\$100.00	\$50.00	(\$75.00)	\$75.00
61708	11-L5	\$250.00	07/15/2003	\$50.00	\$0.00	(\$50.00)	\$0.00
61709	11-L5	\$250.00	08/27/2001	\$25.00	\$0.00	(\$25.00)	\$0.00
61958	11-L5	\$250.00	03/13/2003	\$50.00	\$0.00	(\$50.00)	\$0.00
62245	11-HH	\$250.00	02/02/2006	\$125.00	\$50.00	(\$75.00)	\$100.00
62463	11-HH	\$250.00	08/23/2001	\$0.00	\$0.00	\$0.00	\$0.00
62757	11-MV	\$300.00	11/07/2001	\$30.00	\$0.00	(\$30.00)	\$0.00
62879	11-MK	\$250.00	10/18/2001	\$0.00	\$0.00	\$0.00	\$0.00
62896	11-HH	\$250.00	11/01/2001	\$25.00	\$0.00	(\$25.00)	\$0.00
62903	11-MK	\$250.00	10/25/2001	\$0.00	\$0.00	\$0.00	\$0.00
62958	11-HH	\$250.00	12/04/2001	\$25.00	\$0.00	(\$25.00)	\$0.00
63101	11-L5	\$250.00	04/19/2006	\$125.00	\$50.00	(\$75.00)	\$100.00
63134	11-MK	\$250.00	02/06/2002	\$25.00	\$0.00	(\$25.00)	\$0.00
63153	11-HH	\$250.00	03/04/2002	\$25.00	\$0.00	(\$25.00)	\$0.00
63174	11-MK	\$250.00	02/04/2002	\$50.00	\$0.00	(\$50.00)	\$0.00
63248	11-L5	\$250.00	03/28/2002	\$225.00	\$0.00	\$0.00	\$225.00
63329	11-MK	\$250.00	03/19/2002	\$50.00	\$0.00	(\$50.00)	\$0.00
63584	11-HH	\$250.00	05/21/2002	\$25.00	\$0.00	(\$25.00)	(\$15.00)
63996	11-HH	\$250.00	09/10/2002	\$25.00	\$0.00	(\$25.00)	\$0.00
64140	11-MV	\$625.00	02/10/2003	\$125.00	\$0.00	(\$125.00)	\$0.00
64141	11-MV	\$250.00	02/10/2003	\$50.00	\$0.00	(\$50.00)	\$0.00
64144	11-MV	\$300.00	02/10/2003	\$60.00	\$0.00	(\$60.00)	\$0.00
64145	11-MV	\$275.00	02/10/2003	\$55.00	\$0.00	(\$55.00)	\$0.00
64161	11-MV	\$300.00	11/20/2002	\$60.00	\$0.00	(\$60.00)	\$0.00
64162	11-MV	\$625.00	11/20/2002	\$125.00	\$0.00	(\$125.00)	\$0.00
64163	11-MV	\$625.00	11/20/2002	\$200.00	\$125.00	(\$187.50)	\$137.50
64165	11-MV	\$500.00	11/20/2002	\$0.00	\$0.00	(\$500.00)	\$0.00
64180	11-MK	\$250.00	01/08/2003	\$50.00	\$0.00	(\$50.00)	\$0.00
64220	11-MV	\$675.00	12/04/2002	\$125.00	\$0.00	(\$125.00)	\$0.00
64420	11-MV	\$625.00	01/24/2003	\$125.00	\$0.00	(\$125.00)	\$0.00
64438	11-PD	\$250.00	01/31/2003	\$50.00	\$0.00	(\$50.00)	\$0.00
64458	11-MV	\$625.00	02/03/2003	\$125.00	\$0.00	(\$125.00)	\$0.00
64595	11-HH	\$250.00	03/13/2003	\$50.00	\$0.00	(\$50.00)	\$0.00
64690	11-MK	\$250.00	04/14/2003	\$50.00	\$0.00	(\$50.00)	\$0.00
64882	11-HH	\$250.00	06/16/2003	\$50.00	\$0.00	(\$50.00)	\$0.00
64986	11-L5	\$250.00	07/11/2003	\$50.00	\$8.00	(\$42.00)	\$25.00
65150	11-MK	\$250.00	05/10/2004	\$100.00	\$50.00	(\$75.00)	\$75.00
65277	11-PD	\$250.00	04/02/2004	\$75.00	\$50.00	(\$75.00)	\$50.00
65435	11-L5	\$250.00	01/29/2004	\$75.00	\$25.00	(\$75.00)	\$25.00
65591	11-L5	\$250.00	03/16/2004	\$75.00	\$50.00	(\$75.00)	\$50.00
65823	11-MK	\$250.00	04/15/2004	\$75.00	\$50.00	(\$75.00)	\$50.00
66083	11-L5	\$250.00	07/20/2004	\$75.00	\$50.00	(\$75.00)	\$50.00
66212	11-L5	\$250.00	08/12/2004	\$75.00	\$50.00	(\$75.00)	\$50.00
66214	11-MV	\$250.00	08/11/2004	\$75.00	\$50.00	(\$75.00)	\$50.00
66299	11-L5	\$250.00	08/31/2004	\$75.00	\$0.00	\$0.00	\$75.00
66331	11-MK	\$250.00	09/23/2004	\$75.00	\$50.00	(\$75.00)	\$50.00
66368	11-L5	\$250.00	10/20/2004	\$75.00	\$50.00	(\$75.00)	\$50.00
66670	11-MK	\$250.00	02/01/2005	\$100.00	\$0.00	\$0.00	\$100.00
66694	11-MV	\$625.00	12/15/2004	\$250.00	\$125.00	(\$187.50)	\$187.50
66917	11-MK	\$250.00	03/30/2005	\$100.00	\$50.00	(\$75.00)	\$75.00
67021	11-RH	\$250.00	03/30/2005	\$100.00	\$50.00	(\$75.00)	\$75.00
67023	11-L5	\$250.00	03/30/2005	\$100.00	\$50.00	(\$75.00)	\$75.00
67393	11-MK	\$250.00	06/22/2005	\$100.00	\$50.00	(\$75.00)	\$75.00
67706	11-L5	\$250.00	08/24/2005	\$100.00	\$50.00	(\$75.00)	\$75.00
68364	11-HH	\$250.00	11/13/2007	\$175.00	\$50.00	(\$75.00)	\$150.00
68460	11-L5	\$300.00	05/16/2006	\$180.00	\$60.00	(\$90.00)	\$150.00
68461	11-L5	\$300.00	05/16/2006	\$150.00	\$60.00	(\$90.00)	\$120.00
68462	11-L5	\$300.00	05/16/2006	\$150.00	\$60.00	(\$90.00)	\$120.00
68463	11-L5	\$300.00	05/16/2006	\$150.00	\$60.00	(\$90.00)	\$120.00
68464	11-L5	\$300.00	05/16/2006	\$150.00	\$60.00	(\$90.00)	\$120.00
68470	11-HH	\$250.00	10/19/2004	\$75.00	\$50.00	(\$75.00)	\$50.00
68914	11-HH	\$250.00	06/13/2008	\$250.00	\$0.00	\$0.00	\$250.00
69091	11-PD	\$250.00	12/05/2006	\$150.00	\$50.00	(\$75.00)	\$125.00
69265	11-HH	\$250.00	03/05/2007	\$250.00	\$0.00	\$0.00	\$250.00
69266	11-HH	\$250.00	03/05/2007	\$250.00	\$0.00	\$0.00	\$250.00
69267	11-HH	\$250.00	03/05/2007	\$250.00	\$0.00	\$0.00	\$250.00
69269	11-HH	\$250.00	03/05/2007	\$250.00	\$0.00	\$0.00	\$250.00
69270	11-HH	\$250.00	03/26/2007	\$250.00	\$0.00	\$0.00	\$250.00
69308	11-MK	\$250.00	04/26/2007	\$150.00	\$80.00	(\$75.00)	\$125.00
69341	11-HH	\$275.00	04/18/2007	\$165.00	\$55.00	(\$82.50)	\$137.50
69560	11-MV	\$275.00	08/03/2007	\$165.00	\$55.00	(\$82.50)	\$137.50
69598	11-MK	\$250.00	01/15/2002	\$50.00	\$0.00	(\$50.00)	\$0.00
70003	11-L5	\$250.00	02/28/2008	\$200.00	\$50.00	(\$75.00)	\$175.00
70021	11-MK	\$250.00	04/14/2008	\$250.00	\$0.00	\$0.00	\$250.00
70028	11-MV	\$430.00	04/18/2008	\$344.00	\$86.00	(\$124.00)	\$390.00
70047	11-L5	\$300.00	06/23/2008	\$240.00	\$60.00	(\$90.00)	\$210.00
70048	11-L5	\$300.00	06/23/2008	\$400.00	\$100.00	(\$150.00)	\$350.00
70049	11-L5	\$300.00	06/23/2008	\$240.00	\$0.00	(\$30.00)	\$210.00
70069	11-L5	\$250.00	07/10/2008	\$200.00	\$0.00	\$0.00	\$200.00
70070	11-L5	\$250.00	07/10/2008	\$200.00	\$50.00	(\$75.00)	\$175.00
70076	11-HH	\$250.00	08/14/2008	\$200.00	\$50.00	(\$75.00)	\$175.00
70089	11-MK	\$250.00	09/15/2008	\$200.00	\$50.00	(\$75.00)	\$175.00
70105	11-PD	\$250.00	01/02/2009	\$200.00	\$0.00	\$0.00	\$200.00
70120	11-PD	\$300.00	01/14/2009	\$240.00	\$60.00	(\$90.00)	\$210.00
70122	11-HH	\$250.00	02/02/2009	\$225.00	\$50.00	(\$75.00)	\$200.00
70123	11-HH	\$250.00	02/10/2009	\$225.00	\$50.00	(\$75.00)	\$200.00
70137	11-MK	\$250.00	02/19/2009	\$225.00	\$50.00	(\$75.00)	\$200.00
70143	11-L5	\$250.00	05/20/2009	\$225.00	\$50.00	(\$75.00)	\$200.00
70172	11-HH	\$250.00	08/25/2009	\$250.00	\$0.00	\$0.00	\$250.00
70182	11-L5	\$250.00	11/04/2009	\$225.00	\$50.00	(\$75.00)	\$200.00
70187	11-MK	\$250.00	12/24/2009	\$225.00	\$50.00	(\$75.00)	\$200.00
70209	11-MK	\$250.00	06/23/2010	\$225.00	\$50.00	(\$75.00)	\$200.00
70214	11-MK	\$250.00	07/22/2010	\$225.00	\$50.00	(\$75.00)	\$200.00
70226	11-L5	\$250.00	12/13/2010	\$250.00	\$75.00	(\$190.00)	\$225.00
70237	11-L5	\$250.00	02/15/2011	\$250.00	\$50.00	(\$75.00)	\$225.00
70243	11-PD	\$250.00	04/17/2011	\$250.00	\$0.00	(\$25.00)	\$225.00
70258	11-MK	\$430.00	06/07/2011	\$430.00	\$0.00	\$0.00	\$430.00
70265	11-MK	\$625.00	07/18/2011	\$625.00	\$0.00	\$0.00	\$625.00
70247	11-MK	\$250.00	06/02/2011	\$250.00	\$0.00	\$0.00	\$250.00
70267	11-L5	\$250.00	08/10/2011	\$250.00	\$0.00	\$0.00	\$250.00
70290	11-HH	\$250.00	2/22/2012	\$0.00	\$250.00	\$0.00	\$250.00
70316	11-L5	\$250.00	8/29/2012	\$0.00	\$250.00	\$0.00	\$250.00
70319	11-MK	\$430.00	9/20/2012	\$0.00	\$430.00	\$0.00	\$430.00
70324	11-PD	\$250.00	10/24/2012	\$0.00	\$250.00	\$0.00	\$250.00

TOTALS \$32,415.00 \$15,359.00 \$4,071.00 (\$6,459.00) \$12,971.00

Production, Backwash & Loss Report-By Customer Read Dates - 2012

15-07 Power Dam	Feed Date	Gross Production			Treatment			Backwash			Net Production	lbs of subbit	
		Production	Moist Feed	Moist Feed	Moist Feed	Moist Feed	Moist Feed	Moist Feed	Moist Feed				
15-08 Hobby Number	Apr-12	4/20/2012	8795000	2111180	2111180	1,000,000	61,480	61,480	48,930	0	978,048	22	
	May-12	5/2/2012	8920300	2148860	2148860	1,271,000	33,560	33,560	29,300	0	969,500	45	
	Jun-12	6/12/2012	7028100	2191730	2191730	1,471,000	42,070	42,070	35,000	0	1,188,230	29	
	Jul-12	7/2/2012	7181700	2234490	2234490	1,568,000	52,860	52,860	50,000	0	1,463,240	34	
	Aug-12	8/2/2012	7540300	2253090	2253090	1,515,000	49,280	49,280	51,000	0	1,463,290	30	
	Sep-12	9/2/2012	7540300	2336330	2336330	1,448,000	54,170	54,170	50,000	0	1,393,830	32	
	Oct-12	10/2/2012	7953400	2352570	2352570	1,186,000	50,000	50,000	30,000	0	1,156,840	25	
	Nov-12	11/1/2012	7701100	2352570	2352570	1,186,000	37,890	37,890	44,000	0	1,148,290	23.5	
	Dec-12	12/6/2012	7920300	2470520	2470520	1,018,000	38,760	38,760	25,000	0	986,280	40	
	15-08 Hobby Number	Apr-12	4/20/2012	16040000	6201180	6201180	2,216,000	82,000	82,000	73,000	0	6,067,240	19
May-12		5/2/2012	16238000	6267220	6267220	1,954,000	62,330	62,330	54,000	0	5,951,330	42	
Jun-12		6/12/2012	146294000	6181190	6181190	1,896,000	65,000	65,000	57,000	0	1,814,230	46	
Jul-12		7/2/2012	14911800	6502860	6502860	2,460,000	87,180	87,180	71,000	0	2,379,890	48	
Aug-12		8/2/2012	15157100	6587890	6587890	2,452,000	91,890	91,890	50,000	0	2,367,850	52	
Sep-12		9/2/2012	15359000	6897020	6897020	1,694,000	86,370	86,370	64,000	0	2,388,130	68	
Oct-12		10/2/2012	15570000	6787130	6787130	2,198,000	96,000	96,000	33,000	0	1,908,880	47	
Nov-12		11/1/2012	153033000	6893900	6893900	2,328,000	94,770	94,770	33,000	0	2,308,230	49	
Dec-12		12/6/2012											
15-08 No. 100		Apr-12	4/20/2012	174,300	500450	500450	6,500	449810	230	719900	7,300	0	187860
	May-12	5/1/2012	170,400	516550	516550	6,000	450100	250	726000	7,700	0	188910	4
	Jun-12	6/1/2012	177,800	521810	521810	6,800	451790	480	737000	8,000	0	188940	4
	Jul-12	7/2/2012	212,400	529730	529730	7,800	458050	330	787800	8,500	0	189790	4
	Aug-12	8/1/2012	217,800	536350	536350	8,900	461230	370	794000	9,200	0	189770	4
	Sep-12	9/4/2012	203,800	544650	544650	8,100	463830	300	794000	8,800	0	189770	4
	Oct-12	10/2/2012	143,800	521250	521250	8,970	461100	140	795000	4,500	0	189770	4
	Nov-12	11/1/2012	171,800	536910	536910	8,000	464410	210	795000	4,500	0	189770	4
	Dec-12	12/6/2012	174,300	540910	540910	7,090	471030	320	794000	800	0	189300	4
	15-08 No. 100	Apr-12	4/20/2012	1,388,000	227610	227610	74,000	392710	41,900	0	1,192,300	27	
May-12		5/1/2012	1,305,000	234990	234990	70,500	392710	35,600	0	1,082,210	40		
Jun-12		6/1/2012	1,100,000	240990	240990	62,160	42,860	35,000	0	1,062,210	41		
Jul-12		7/2/2012	1,294,000	246710	246710	101,820	43,160	31,400	0	1,188,490	45		
Aug-12		8/1/2012	1,461,000	254710	254710	102,820	43,160	31,400	0	1,354,820	49		
Sep-12		9/2/2012	1,384,000	257710	257710	119,820	43,160	31,400	0	1,262,300	81		
Oct-12		10/2/2012	1,384,000	264600	264600	125,000	39,100	31,400	0	1,252,600	35		
Nov-12		10/1/2012	1,142,000	291760	291760	74,880	33,600	33,800	0	1,083,340	28		
Dec-12		12/6/2012	1,142,000	293250	293250	75,570	33,600	33,600	0	1,086,690	28		
15-08 Monthly		Apr-12	4/20/2012	2,237,000	352440	352440	295300	35,000	35,000	0	2,273,960	75	
	May-12	5/2/2012	2,294,000	352440	352440	304,400	35,000	35,000	0	2,308,470	80		
	Jun-12	6/1/2012	2,294,000	352440	352440	304,400	35,000	35,000	0	2,308,470	80		
	Jul-12	7/2/2012	2,294,000	352440	352440	304,400	35,000	35,000	0	2,308,470	80		
	Aug-12	8/2/2012	2,294,000	352440	352440	304,400	35,000	35,000	0	2,308,470	80		
	Sep-12	9/2/2012	2,294,000	352440	352440	304,400	35,000	35,000	0	2,308,470	80		
	Oct-12	10/2/2012	2,294,000	352440	352440	304,400	35,000	35,000	0	2,308,470	80		
	Nov-12	11/2/2012	2,294,000	352440	352440	304,400	35,000	35,000	0	2,308,470	80		
	Dec-12	12/6/2012	2,294,000	352440	352440	304,400	35,000	35,000	0	2,308,470	80		
	15-08 Monthly	Apr-12	4/20/2012	2,237,000	352440	352440	295300	35,000	35,000	0	2,273,960	75	
May-12		5/2/2012	2,294,000	352440	352440	304,400	35,000	35,000	0	2,308,470	80		
Jun-12		6/1/2012	2,294,000	352440	352440	304,400	35,000	35,000	0	2,308,470	80		
Jul-12		7/2/2012	2,294,000	352440	352440	304,400	35,000	35,000	0	2,308,470	80		
Aug-12		8/2/2012	2,294,000	352440	352440	304,400	35,000	35,000	0	2,308,470	80		
Sep-12		9/2/2012	2,294,000	352440	352440	304,400	35,000	35,000	0	2,308,470	80		
Oct-12		10/2/2012	2,294,000	352440	352440	304,400	35,000	35,000	0	2,308,470	80		
Nov-12		11/2/2012	2,294,000	352440	352440	304,400	35,000	35,000	0	2,308,470	80		
Dec-12		12/6/2012	2,294,000	352440	352440	304,400	35,000	35,000	0	2,308,470	80		
15-09 Lateral		Apr-12	4/20/2012	2,108,000	3311,000	3311,000	3,333,000	3,333,000	3,333,000	0	3,470,300	72	
	May-12	5/2/2012	2,108,000	3311,000	3311,000	3,333,000	3,333,000	3,333,000	0	3,470,300	72		
	Jun-12	6/1/2012	2,108,000	3311,000	3311,000	3,333,000	3,333,000	3,333,000	0	3,470,300	72		
	Jul-12	7/2/2012	2,108,000	3311,000	3311,000	3,333,000	3,333,000	3,333,000	0	3,470,300	72		
	Aug-12	8/2/2012	2,108,000	3311,000	3311,000	3,333,000	3,333,000	3,333,000	0	3,470,300	72		
	Sep-12	9/2/2012	2,108,000	3311,000	3311,000	3,333,000	3,333,000	3,333,000	0	3,470,300	72		
	Oct-12	10/2/2012	2,108,000	3311,000	3311,000	3,333,000	3,333,000	3,333,000	0	3,470,300	72		
	Nov-12	11/2/2012	2,108,000	3311,000	3311,000	3,333,000	3,333,000	3,333,000	0	3,470,300	72		
	Dec-12	12/6/2012	2,108,000	3311,000	3311,000	3,333,000	3,333,000	3,333,000	0	3,470,300	72		
	15-09 Lateral	Apr-12	4/20/2012	2,108,000	3311,000	3311,000	3,333,000	3,333,000	3,333,000	0	3,470,300	72	
May-12		5/2/2012	2,108,000	3311,000	3311,000	3,333,000	3,333,000	3,333,000	0	3,470,300	72		
Jun-12		6/1/2012	2,108,000	3311,000	3311,000	3,333,000	3,333,000	3,333,000	0	3,470,300	72		
Jul-12		7/2/2012	2,108,000	3311,000	3311,000	3,333,000	3,333,000	3,333,000	0	3,470,300	72		
Aug-12		8/2/2012	2,108,000	3311,000	3311,000	3,333,000	3,333,000	3,333,000	0	3,470,300	72		
Sep-12		9/2/2012	2,108,000	3311,000	3311,000	3,333,000	3,333,000	3,333,000	0	3,470,300	72		
Oct-12		10/2/2012	2,108,000	3311,000	3311,000	3,333,000	3,333,000	3,333,000	0	3,470,300	72		
Nov-12		11/2/2012	2,108,000	3311,000	3311,000	3,333,000	3,333,000	3,333,000	0	3,470,300	72		
Dec-12		12/6/2012	2,108,000	3311,000	3311,000	3,333,000	3,333,000	3,333,000	0	3,470,300	72		

COMPANY NAME	Brooke Water LLC		
Name of System:	Marina Village	ADEQ Public Water System Number:	PWS 15-011

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
C150110	10	200	n/a	n/a	4	n/a

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
none		

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
25	2	none	3

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
100,000	1	3000	1

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME	Brooke Water LLC		
Name of System:	Marina Village	ADEQ Public Water System Number:	PWS 15-011

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2	ACP, PVC	75/715
3	ACP, PVC	1500/610
4	ACP	4000
5		
6	ACP, C900	4000/5000
8	C900	3940
10		
12		

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	224
3/4	
1	2
1 1/2	
2	
Comp. 3	
Turbo 3	
Comp. 4	
Turbo 4	
Comp. 6	
Turbo 6	

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:

2- Gulf Pressure sand filters

1- 210 Regal gas chlorinator

1- Calgon-type MDS polymer make-down system with 30 gallons mix tank

1- 4" backwash meter

STRUCTURES:

1233 ft. of 6 ft. chain link security fence

1- 12X8 concrete block building

OTHER:

1- T100G remote tank monitor

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME	Brooke Water LLC		
Name of System:	Rio Lindo	ADEQ Public Water System Number:	PWS 15-040

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
C150400	5	100	n/a	n/a	2	n/a
C150400	5	100	n/a	n/a	n/a	n/a

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
none		

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
7.5	2	none	3

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
10,000	1	none	

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME	Brooke Water LLC		
Name of System:	Rio Lindo	ADEQ Public Water System Number:	PWS 15-040

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2		
3		
4	ACP,C900	2000/1000
5		
6		
8		
10		
12		

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	28
3/4	
1	2
1 1/2	
2	
Comp. 3	
Turbo 3	
Comp. 4	
Turbo 4	
Comp. 6	
Turbo 6	

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:

- 2- Gulf Pressure sand filters
- 1- 210 Regal gas chlorinator
- 1- Calgon-type MDS polymer make-down system with 30 gallons mix tank
- 1- 4" backwash meter

STRUCTURES:

- 176 ft. of 6 ft. chain link security fence
- 1- 6X8 concrete block building

OTHER:

- 1- T100G remote tank monitor

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME	Brooke Water LLC		
Name of System:	Holiday Harbour	ADEQ Public Water System Number:	PWS 15-058

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
C150580	10	200	n/a	n/a	4	n/a
C150580	10	200	n/a	n/a	n/a	n/a

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
none		

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
25	2	none	none

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
30,000	1	none	
100,000	1		
15,00	3		

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME	Brooke Water LLC		
Name of System:	Holiday Harbour	ADEQ Public Water System Number:	PWS 15-058

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2	PVC	1500
3		
4	ACP,C900	4000/1000
5		
6	ACP,C900	5000/1569
8	ACP/DIP	375/120
10		
12		

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	213
3/4	
1	3
1 1/2	2
2	1
Comp. 3	
Turbo 3	
Comp. 4	
Turbo 4	
Comp. 6	
Turbo 6	

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:

2- Gulf Pressure sand filters

1- 210 Regal gas chlorinator

1- Calgon-type MDS polymer make-down system with 30 gallons mix tank

1- 4" backwash meter

STRUCTURES:

1188 ft. of 6 ft. chain link security fence

1- 11X11 concrete block building

OTHER:

1- T100G remote tank monitor

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME	Brooke Water LLC		
Name of System:	Parker Dam	ADEQ Public Water System Number:	PWS 15-027

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
C150270	10	200	n/a	n/a	4	n/a
C150270	10	200	n/a	n/a	n/a	n/a

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
none		

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
25	2	none	none

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
15,000	2	5000	1
17,000	1		

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME	Brooke Water LLC		
Name of System:	Parker Dam	ADEQ Public Water System Number:	PWS 15-027

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2		
3	ACP,PVC	4870/1720
4	ACP	22125
5		
6	ACP,DIP	19139/268
8	C900	5005
10		
12		

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	160
3/4	
1	18
1 1/2	7
2	6
Comp. 3	
Turbo 3	
Comp. 4	
Turbo 4	
Comp. 6	
Turbo 6	

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:

2- Gulf Pressure sand filters	
1- 210 Regal gas chlorinator	
1- Calgon-type MDS polymer make-down system with 30 gallons mix tank	
1- 6" backwash meter	

STRUCTURES:

940 ft. of 6 ft. chain link security fence	
1- 54 sq ft. concrete block building	

OTHER:

1- T100G remote tank monitor	

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME	Brooke Water LLC		
Name of System:	Lakeside	ADEQ Public Water System Number:	PWS 15-010

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
C150100	10	200	n/a	n/a	4	n/a
C150100	10	200	n/a	n/a	n/a	n/a

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
none		

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
25	2	3	none

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
50,000	1	none	
100,000	2		
300,000	1		

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME Brooke Water LLC		
Name of System: Lakeside	ADEQ Public Water System Number:	PWS 15-010

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2	ACP	2300
3	ACP,PVC	3370/500
4	ACP	22125
5		
6	ACP,DIP	19139/268
8	C900	5005
10		
12		

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	773
3/4	
1	7
1 1/2	2
2	
Comp. 3	
Turbo 3	
Comp. 4	
Turbo 4	
Comp. 6	
Turbo 6	

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:

- 2- Gulf Pressure sand filters
- 1- 210 Regal gas chlorinator
- 1- Calgon-type MDS polymer make-down system with 30 gallons mix tank
- 1- 6" backwash meter

STRUCTURES:

- 1840 ft. of 6 ft. chain link security fence
- 1- 14X10 concrete block building
- 1- 9X10 concrete block building

OTHER:

- 1- T100G remote tank monitor

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME	Brooke Water LLC		
Name of System:	Moovalya Keys	ADEQ Public Water System Number:	PWS 15-006

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
C150060	10	200	n/a	n/a	4	n/a
C150060	7.5	120	n/a	n/a	n/a	n/a

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
none		

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
25	2	9	none
7.5	4		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
125,000	1	7,500	1
10,000	2	3,000	2

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME Brooke Water LLC

Name of System: Moovalya Keys **ADEQ Public Water System Number:** PWS 15-006

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2	PVC	500
3	PVC	610
4	ACP	10000
5		
6	ACP,C900	2000/6000
8		
10		
12		

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	542
3/4	
1	4
1 1/2	1
2	
Comp. 3	
Turbo 3	
Comp. 4	
Turbo 4	
Comp. 6	
Turbo 6	

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:

2- Gulf Pressure sand filters

1- 210 Regal gas chlorinator

1- Calgon-type MDS polymer make-down system with 30 gallons mix tank

1- 6" backwash meter

STRUCTURES:

952 ft. of 6 ft. chain link security fence

1- 13-1/2X12 concrete block building with shingled roof

OTHER:

1- T100G remote tank monitor

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME: Brooke Water LLC

Name of System: Marina Village **ADEQ Public Water System Number:** PWS 15-011

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2012

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	226	829		
FEBRUARY	225	755		
MARCH	224	816		
APRIL	224	1025		
MAY	225	948		
JUNE	225	1236		
JULY	225	1381		
AUGUST	225	1296		
SEPTEMBER	225	1248		
OCTOBER	225	842		
NOVEMBER	225	1054		
DECEMBER	226	1004		
TOTALS →		12439	see attached	none

What is the level of arsenic for each well on your system? .0046 mg/l
(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? n/a GPM for hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?
☒ Yes ☐ No

Is the Water Utility located in an ADWR Active Management Area (AMA)?
☐ Yes ☒ No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
☐ Yes ☒ No

If yes, provide the GPCPD amount: n/a

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME: Brooke Water LLC		
Name of System: Rio Lindo	ADEQ Public Water System Number: PWS 15-040	

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2012

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	30	122		
FEBRUARY	29	117		
MARCH	29	130		
APRIL	29	149		
MAY	31	148		
JUNE	29	147		
JULY	32	182		
AUGUST	30	188		
SEPTEMBER	30	171		
OCTOBER	30	115		
NOVEMBER	30	149		
DECEMBER	30	146		
TOTALS →		1769	see attached	none

What is the level of arsenic for each well on your system? .004 mg/l
(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? n/a GPM for hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?
☒ Yes ☐ No

Is the Water Utility located in an ADWR Active Management Area (AMA)?
☐ Yes ☒ No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
☐ Yes ☒ No

If yes, provide the GPCPD amount: n/a

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME: Brooke Water LLC
Name of System: Holiday Harbour ADEQ Public Water System Number: PWS 15-058

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2012

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	220	1630		
FEBRUARY	219	1318		
MARCH	220	1577		
APRIL	220	1680		
MAY	222	1489		
JUNE	223	1490		
JULY	222	1852		
AUGUST	223	1792		
SEPTEMBER	222	1865		
OCTOBER	223	1426		
NOVEMBER	222	1668		
DECEMBER	219	1776		
TOTALS →		19568	see attached	none

What is the level of arsenic for each well on your system? .0034 mg/l
(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? n/a GPM for hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?
☒ Yes ☐ No

Is the Water Utility located in an ADWR Active Management Area (AMA)?
☐ Yes ☒ No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
☐ Yes ☒ No

If yes, provide the GPCPD amount: n/a

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME: Brooke Water LLC		
Name of System: Parker Dam	ADEQ Public Water System Number: PWS 15-027	

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2012

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	190	607		
FEBRUARY	190	453		
MARCH	190	563		
APRIL	190	821		
MAY	189	869		
JUNE	190	1041		
JULY	189	1312		
AUGUST	189	1267		
SEPTEMBER	190	1192		
OCTOBER	191	959		
NOVEMBER	191	763		
DECEMBER	191	799		
TOTALS →		10653	see attached	none

What is the level of arsenic for each well on your system? .0034 mg/l
(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? n/a GPM for hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?
☒ Yes ☐ No

Is the Water Utility located in an ADWR Active Management Area (AMA)?
☐ Yes ☒ No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
☐ Yes ☒ No

If yes, provide the GPCPD amount: n/a

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME: Brooke Water LLC		
Name of System: Lakeside	ADEQ Public Water System Number: PWS 15-010	

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2012

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	796	2385		
FEBRUARY	794	1891		
MARCH	796	2070		
APRIL	797	1986		
MAY	784	2275		
JUNE	786	3047		
JULY	790	3135		
AUGUST	791	2949		
SEPTEMBER	790	3161		
OCTOBER	788	2192		
NOVEMBER	780	2337		
DECEMBER	782	2212		
TOTALS →		29646	see attached	none

What is the level of arsenic for each well on your system? .004 mg/l
(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? n/a GPM for hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?
☒ Yes ☐ No

Is the Water Utility located in an ADWR Active Management Area (AMA)?
☐ Yes ☒ No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
☐ Yes ☒ No

If yes, provide the GPCPD amount: n/a

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME: Brooke Water LLC

Name of System: Moovalya Keys **ADEQ Public Water System Number:** PWS 15-006

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2012

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	547	1796		
FEBRUARY	547	1451		
MARCH	546	1813		
APRIL	545	1765		
MAY	543	1980		
JUNE	546	2671		
JULY	547	2701		
AUGUST	550	2637		
SEPTEMBER	546	2580		
OCTOBER	547	1951		
NOVEMBER	546	2128		
DECEMBER	547	1757		
TOTALS →		25235	see attached	none

What is the level of arsenic for each well on your system? .0028 mg/l
(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? n/a GPM for hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?
☒ Yes ☐ No

Is the Water Utility located in an ADWR Active Management Area (AMA)?
☐ Yes ☒ No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
☐ Yes ☒ No

If yes, provide the GPCPD amount: n/a

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME: Brooke Water LLC			
Name of System:	Marina Village	ADEQ Public Water System Number:	PWS 15-011

UTILITY SHUTOFFS / DISCONNECTS

MONTH	Termination without Notice R14-2-410.B	Termination with Notice R14-2-410.C	OTHER
JANUARY		2	
FEBRUARY		1	
MARCH		2	
APRIL		2	
MAY		2	
JUNE		2	
JULY		2	
AUGUST		2	
SEPTEMBER		1	
OCTOBER		1	
NOVEMBER		2	
DECEMBER		2	
TOTALS →	none	21	none

OTHER (description):

none

COMPANY NAME:	Brooke Water LLC		
Name of System:	Rio Lindo	ADEQ Public Water System Number:	PWS 15-040

UTILITY SHUTOFFS / DISCONNECTS

MONTH	Termination without Notice R14-2-410.B	Termination with Notice R14-2-410.C	OTHER
JANUARY		2	
FEBRUARY		2	
MARCH		1	
APRIL		2	
MAY		1	
JUNE		2	
JULY		2	
AUGUST		2	
SEPTEMBER		2	
OCTOBER		1	
NOVEMBER		2	
DECEMBER		2	
TOTALS →	none	21	none

OTHER (description):

none

COMPANY NAME:	Brooke Water LLC		
Name of System:	Holiday Harbour	ADEQ Public Water System Number:	PWS 15-058

UTILITY SHUTOFFS / DISCONNECTS

MONTH	Termination without Notice R14-2-410.B	Termination with Notice R14-2-410.C	OTHER
JANUARY		2	
FEBRUARY		2	
MARCH		3	
APRIL		2	
MAY		3	
JUNE		3	
JULY		3	
AUGUST		2	
SEPTEMBER		3	
OCTOBER		1	
NOVEMBER		3	
DECEMBER		2	
TOTALS →	none	29	none

OTHER (description):

none

COMPANY NAME:	Brooke Water LLC		
Name of System:	Parker Dam	ADEQ Public Water System Number:	PWS 15-027

UTILITY SHUTOFFS / DISCONNECTS

MONTH	Termination without Notice R14-2-410.B	Termination with Notice R14-2-410.C	OTHER
JANUARY		2	
FEBRUARY		2	
MARCH		2	
APRIL		2	
MAY		1	
JUNE		3	
JULY		3	
AUGUST		2	
SEPTEMBER		2	
OCTOBER		1	
NOVEMBER		1	
DECEMBER		2	
TOTALS →	none	23	none

OTHER (description):

none

COMPANY NAME:	Brooke Water LLC		
Name of System:	Lakeside	ADEQ Public Water System Number:	PWS 15-010

UTILITY SHUTOFFS / DISCONNECTS

MONTH	Termination without Notice R14-2-410.B	Termination with Notice R14-2-410.C	OTHER
JANUARY		2	
FEBRUARY		6	
MARCH		5	
APRIL		7	
MAY		13	
JUNE		8	
JULY		11	
AUGUST		7	
SEPTEMBER		2	
OCTOBER		7	
NOVEMBER		8	
DECEMBER		2	
TOTALS →	none	78	none

OTHER (description):

none

COMPANY NAME: Brooke Water LLC			
Name of System:	Moovalya Keys	ADEQ Public Water System Number:	PWS 15-006

UTILITY SHUTOFFS / DISCONNECTS

MONTH	Termination without Notice R14-2-410.B	Termination with Notice R14-2-410.C	OTHER
JANUARY		2	
FEBRUARY		2	
MARCH		1	
APRIL		3	
MAY		1	
JUNE		2	
JULY		2	
AUGUST		3	
SEPTEMBER		2	
OCTOBER		1	
NOVEMBER		0	
DECEMBER		2	
TOTALS →	none	21	none

OTHER (description):

none

COMPANY NAME Brooke Water LLC **YEAR ENDING 12/31/2012**

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2012 was: \$ 27,125.74

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

**VERIFICATION
AND
SWORN STATEMENT**
Taxes

RECEIVED

APR 15 2013

ACC UTILITIES DIRECTOR

VERIFICATION

STATE OF CA
I, THE UNDERSIGNED
OF THE

COUNTY OF (COUNTY NAME)	Kern
NAME (OWNER OR OFFICIAL) TITLE	Robert T. Hardcastle
COMPANY NAME	Brooke Water LLC

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

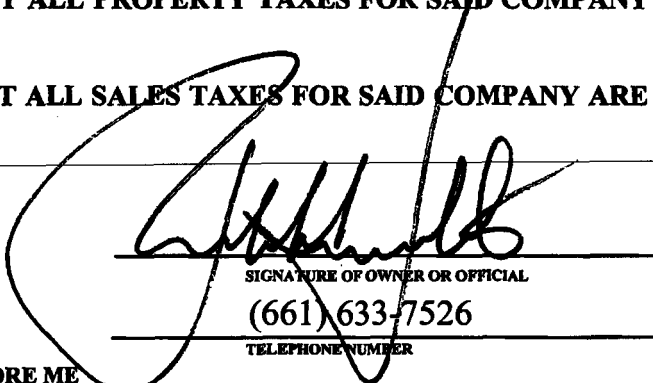
MONTH	DAY	YEAR
12	31	2012

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.


SIGNATURE OF OWNER OR OFFICIAL
(661) 633-7526
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

16/11


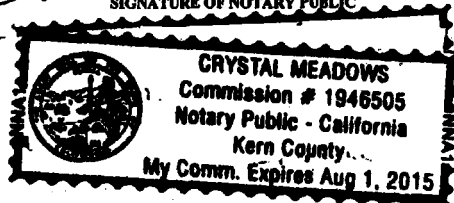
DAY OF

COUNTY NAME	Kern
MONTH	April
YEAR	2013

(SEAL)

MY COMMISSION EXPIRES

8/2015


SIGNATURE OF NOTARY PUBLIC


COMPANY NAME Brooke Water LLC YEAR ENDING 12/31/2012

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported _____
Estimated or Actual Federal Tax Liability _____

State Taxable Income Reported _____
Estimated or Actual State Tax Liability _____

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances none _____
Amount of Gross-Up Tax Collected _____
Total Grossed-Up Contributions/Advances _____

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.


SIGNATURE

April 15, 2013

DATE

Robert T. Hardcastle

PRINTED NAME

Managing Member

TITLE

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

RECEIVED

APR 15 2013

ACC UTILITIES DIRECTOR

VERIFICATION

STATE OF CA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)	Kern
NAME (OWNER OR OFFICIAL) TITLE	Robert T. Hardcastle
COMPANY NAME	Brooke Water LLC

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2012

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2012 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 838,554

(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 0

IN SALES TAXES BILLED, OR COLLECTED)

****REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

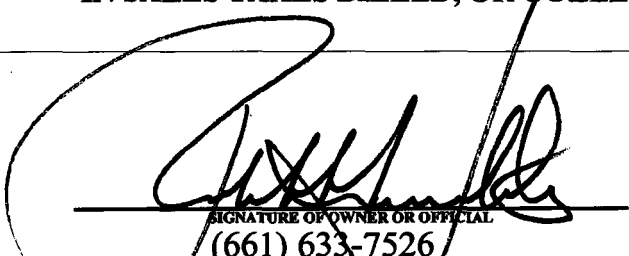
14th

DAY OF

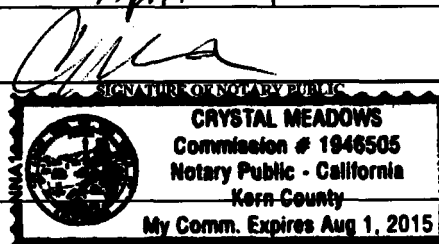
(SEAL)

MY COMMISSION EXPIRES

8/2015


SIGNATURE OF OWNER OR OFFICIAL
(661) 633-7526
TELEPHONE NUMBER

COUNTY NAME	Kern
MONTH	April
	2013



**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
Intrastate Revenues Only**

RECEIVED
APR 15 2013
ACC UTILITIES DIRECTOR

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)	Ken, California	
NAME (OWNER OR OFFICIAL)	Robert T. Hardcastle	TITLE Managing Member
COMPANY NAME	Brooke Water LLC	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2012

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

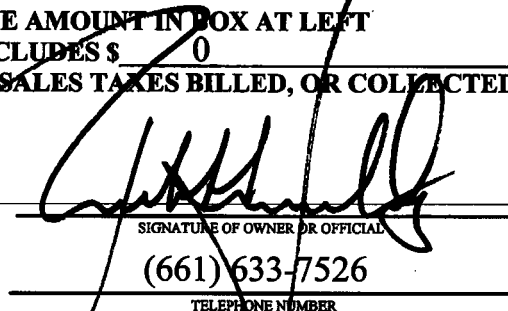
SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2012 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES
\$ 838,554

THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 0
IN SALES TAXES BILLED, OR COLLECTED)

***RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.**


SIGNATURE OF OWNER OR OFFICIAL
(661) 633-7526
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

14th

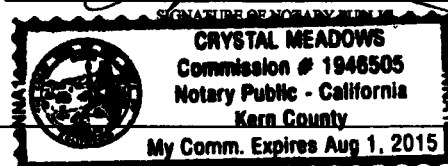
DAY OF

NOTARY PUBLIC NAME	Crystal Meadows	
COUNTY NAME	Kern	
MONTH	April	2013

(SEAL)

MY COMMISSION EXPIRES

8/2015



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Exhibit N

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

W-03514A
Payson Water Co., Inc.
PO Box 82218
Bakersfield, CA 93380

RECEIVED
APR 14 2011
ACC UTILITIES DIRECTOR

ANNUAL REPORT
Water

FOR YEAR ENDING

12	31	2010
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FOR COMMISSION USE

ANN 04	10
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4-15-11

COMPANY INFORMATION

Company Name (Business Name) <u>Payson Water Co., Inc</u>			
Mailing Address <u>P.O. Box 82218</u>			
<u>Bakersfield</u>	<u>CA</u>	<u>93380</u>	
(Street)	(State)	(Zip)	
(City)	(State)	(Zip)	
<u>(800) 270-6084 or (661) 633-7526</u>		<u>(800) 748-6981</u>	
Telephone No. (Include Area Code)		Fax No. (Include Area Code)	Cell No. (Include Area Code)
Email Address <u>CustomerServiceCenter@brookeutilities.com</u>			
Local Office Mailing Address <u>9079 Riverside Drive</u>			
<u>Parker</u>	<u>AZ</u>	<u>85344</u>	
(Street)	(State)	(Zip)	
(City)	(State)	(Zip)	
<u>(928) 6673336</u>		<u>(928) 661-2527</u>	
Local Office Telephone No. (Include Area Code)		Fax No. (Include Area Code)	Cell No. (Include Area Code)
Email Address <u>DavidA@brookeutilities.com</u>			

MANAGEMENT INFORMATION

<input type="checkbox"/> Regulatory Contact:			
<input checked="" type="checkbox"/> Management Contact: <u>Robert T. Hardcastle</u> <u>President</u>			
(Name) (Title)			
<u>P.O. Box</u>	<u>Bakersfield</u>	<u>CA</u>	<u>93380</u>
(Street)	(City)	(State)	(Zip)
<u>(661) 633-7526</u>		<u>(800) 748-6981</u>	
Telephone No. (Include Area Code)		Fax No. (Include Area Code)	Cell No. (Include Area Code)
Email Address <u>RTH@brookeutilities.com</u>			
On Site Manager: <u>David Allred</u>			
(Name)			
<u>9079 Riverside Drive</u>	<u>Parker</u>	<u>AZ</u>	<u>85344</u>
(Street)	(City)	(State)	(Zip)
<u>(928) 667-3336</u>		<u>(928) 667-2527</u>	
Telephone No. (Include Area Code)		Fax No. (Include Area Code)	Cell No. (Include Area Code)

Email Address DavidA@brookeutilities.com

Statutory Agent: Robert T. Hardcastle			
(Name)			
P.O Box 82218	Bakersfield	CA	93380
(Street)	(City)	(State)	(Zip)
(661) 633-7526	(800) 748-6981		
Telephone No. (Include Area Code)		Fax No. (Include Area Code)	Cell No. (Include Area Code)
Attorney: Jay Shapiro with Fennemore Craig			
(Name)			
3003 N. Central Ave. Ste. 2600	Phoenix	AZ	85012
(Street)	(City)	(State)	(Zip)
(602) 916-5000	(602) 916-5566		
Telephone No. (Include Area Code)		Fax No. (Include Area Code)	Cell No. (Include Area Code)
Email Address JLShapiro@fclaw.com			

OWNERSHIP INFORMATION

Check the following box that applies to your company:

Sole Proprietor (S)	<input checked="" type="checkbox"/> C Corporation (C) (Other than Association/Co-op)
Partnership (P)	Subchapter S Corporation (Z)
Bankruptcy (B)	Association/Co-op (A)
Receivership (R)	<input type="checkbox"/> Limited Liability Company
Other (Describe) _____	

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

<input type="checkbox"/> APACHE	<input type="checkbox"/> COCHISE	<input type="checkbox"/> COCONINO
<input checked="" type="checkbox"/> GILA	<input type="checkbox"/> GRAHAM	<input type="checkbox"/> GREENLEE
<input type="checkbox"/> LA PAZ	<input type="checkbox"/> MARICOPA	<input type="checkbox"/> MOHAVE
<input type="checkbox"/> NAVAJO	<input type="checkbox"/> PIMA	<input type="checkbox"/> PINAL
<input type="checkbox"/> SANTA CRUZ	<input type="checkbox"/> YAVAPAI	<input type="checkbox"/> YUMA
<input type="checkbox"/> STATEWIDE		

COMPANY NAME Payson Water Co., Inc.

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization	300	280	20
302	Franchises			
303	Land and Land Rights	22,391	15,427	6,964
304	Structures and Improvements	216,605	152,669	63,936
307	Wells and Springs	369,941	261,742	108,199
311	Pumping Equipment	277,677	121,580	156,097
320	Water Treatment Equipment	14,339	6,193	8,146
330	Distribution Reservoirs and Standpipes	371,561	204,513	167,048
331	Transmission and Distribution Mains	597,066	437,915	159,151
333	Services	111,038	87,651	23,387
334	Meters and Meter Installations	267,923	119,971	147,952
335	Hydrants	1,589	676	913
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment	431,362	320,490	110,872
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment	8,628	2,718	5,910
346	Communication Equipment	12,576	2,089	10,487
347	Miscellaneous Equipment			
348	Other Tangible Plant	4,146	443	3,703
	TOTALS	2,707,142	1,734,357	927,785

This amount goes on the Balance Sheet Acct. No. 108

COMPANY NAME Payson Water Co., Inc.

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization	300	2.67%	8
302	Franchises			
303	Land and Land Rights	22,391	2.84%	637
304	Structures and Improvements	216,605	2.90%	6,271
307	Wells and Springs	369,941	2.88%	10,648
311	Pumping Equipment	277,677	2.70%	7,506
320	Water Treatment Equipment	14,339	2.71%	389
330	Distribution Reservoirs and Standpipes	371,561	2.84%	10,534
331	Transmission and Distribution Mains	597,066	2.86%	17,074
333	Services	111,038	2.86%	3,178
334	Meters and Meter Installations	267,923	2.81%	7,527
335	Hydrants	1,589	2.89%	46
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment	431,362	2.87%	12,401
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment	8,628	2.87%	248
346	Communication Equipment	12,576	2.74%	344
347	Miscellaneous Equipment			
348	Other Tangible Plant	4,146	2.80%	116
	TOTALS	2,707,142	2.84%	76,927

This amount goes on the Comparative Statement of Income and Expense _____
Acct. No. 403.

COMPANY NAME Payson Water Co., Inc.

BALANCE SHEET

Acct No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	ASSETS		
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$	\$
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable		
146	Notes/Receivables from Associated Companies	26,523	
151	Plant Material and Supplies		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets	516,694	695
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 543,217	\$ 695
	FIXED ASSETS		
101	Utility Plant in Service	\$ 2,673,256	\$ 2,707,142
103	Property Held for Future Use		
105	Construction Work in Progress	12,349	168,234
108	Accumulated Depreciation – Utility Plant	(1,657,430)	(1,734,357)
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	TOTAL FIXED ASSETS	\$ 1,028,175	\$ 1,141,019
	TOTAL ASSETS	\$ 1,571,392	\$ 1,141,714

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITIES		
231	Accounts Payable	\$ 15,272	\$ 15,272
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		211,690
235	Customer Deposits		
236	Accrued Taxes		
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		13,979
	TOTAL CURRENT LIABILITIES	\$ 15,272	\$ 240,941
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$	\$
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction	82,382	82,382
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction	877,282	877,282
272	Less: Amortization of Contributions	(527,858)	(555,930)
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	\$ 431,806	\$ 403,734
	TOTAL LIABILITIES	\$ 447,078	\$ 644,675
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$ 646,630	\$ 646,630
211	Paid in Capital in Excess of Par Value	364,385	364,385
215	Retained Earnings	113,299	(513,976)
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	\$ 1,124,314	\$ 497,039
	TOTAL LIABILITIES AND CAPITAL	\$ 1,571,392	\$ 1,141,714

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 455,280	\$ 437,162
460	Unmetered Water Revenue		
474	Other Water Revenues	16,307	10,302
	TOTAL REVENUES	\$ 471,587	\$ 447,464
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 39,280	\$ 51,561
610	Purchased Water	65,629	24,322
615	Purchased Power	60,817	60,310
618	Chemicals	3,491	42
620	Repairs and Maintenance	20,684	15,492
621	Office Supplies and Expense		
630	Outside Services	7,392	41,021
635	Water Testing	13,590	14,124
641	Rents	2,522	
650	Transportation Expenses		
657	Insurance – General Liability		
659	Insurance - Health and Life	2,210	2,374
666	Regulatory Commission Expense – Rate Case	1,381	
675	Miscellaneous Expense	214,601	248,909
403	Depreciation Expense	83,667	76,927
408	Taxes Other Than Income	13	
408.11	Property Taxes	35,237	23,634
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 550,514	\$ 558,716
	OPERATING INCOME/(LOSS)	\$ (78,927)	\$ (111,252)
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		(516,000)
427	Interest Expense	(153)	(23)
	TOTAL OTHER INCOME/(EXPENSE)	\$ (153)	\$ (516,023)
	NET INCOME/(LOSS)	\$ (79,080)	\$ (627,275)

COMPANY NAME Payson Water Co., Inc.

SUPPLEMENTAL FINANCIAL DATA
Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued				
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$	\$	\$	\$
Amount Outstanding	\$	\$	\$	\$
Date of Maturity				
Interest Rate	%	%	%	%
Current Year Interest	\$	\$	\$	\$
Current Year Principle	\$	\$	\$	\$

Meter Deposit Balance at Test Year End

\$ 16,219

Meter Deposits Refunded During the Test Year

\$ 2,030

COMPANY NAME Payson Water Co., Inc.	
Name of System: Geronimo Estates	ADEQ Public Water System Number: PWS 14-028

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-621336	1	6.5	160	6	5/8 x 3/4	1965
55-515318	2	15	150	6	5/8 x 3/4	1986
55-631114	1	8	160	6	1	1965

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
None		

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
5	3	None	None
3	1		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
15,000	2	500	1
		119	3

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME Payson Water Co., Inc.	
Name of System: Geronimo Estates	ADEQ Public Water System Number: PWS 04-028

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS			CUSTOMER METERS	
Size (in inches)	Material	Length (in feet)	Size (in inches)	Quantity
2	PVC	1,620	5/8 X 3/4	96
3	PVC	2,140	3/4	
4	ACP	6,864	1	
5	None		1 1/2	
6	None		2	
8	None		Comp. 3	
10	None		Turbo 3	
12	None		Comp. 4	
			Turbo 4	
			Comp. 6	
			Turbo 6	

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:

2-Mark I pellet chlorinators

STRUCTURES:

142 feet of chain link fence

10 x 10 chain link fence

19 x 32 chain link fence

10 x 12 wood frame bldg.

OTHER:

2-T100GS remote tank monitoring units

COMPANY NAME Payson Water Co., Inc.	
Name of System: East Verde Estates	ADEQ Public Water System Number: PWS 04-026

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-621332	1	7	80	8	5/8 x 3/4	1958
55-621335	1	1.2	40	8	5/8 x 3/4	1955
55-518599	8	8	100	8	1	1987

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
None		

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
7.5	1	None	None

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
40,000	1	2,000	1

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME Payson Water Co., Inc

Name of System: East Verde Estates

ADEQ Public Water System Number: PWS 04-026

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2	GIP	5,947
3	None	
4	ACP	27,317
5	None	
6	None	
8	None	
10	None	
12	None	

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	160
3/4	1
1	
1 1/2	
2	
Comp. 3	
Turbo 3	
Comp. 4	
Turbo 4	
Comp. 6	
Turbo 6	

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:

1-Mark I pellet chlorinator

STRUCTURES:

11 x 11 chain link fence

20 x 20 chain link fence

30 x 36 chain link fence

OTHER:

1-T100GS remote tank monitoring unit

COMPANY NAME Payson Water Co., Inc.
Name of System: Star Valley Water System ADEQ Public Water System Number: PWS 04-037

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-501381	2	7	105	6	None	1981
55-605247	2	22	30	8	1	1960
55-519703	1	20	30	6	5/8 x 3/4	1987
55-538696	1.5	2	300	6	1	1993
55-548773	15	140	240	8 & 6	3	1995

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
None		

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
7.5	3	25	None
60	1		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
15,000 (not in use)	1	1,000 (not in use)	1
20,000 & 30,000	1 each	2,000	2
160,000	1		

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME Payson Water Co., Inc.

Name of System: Star Valley Water System

ADEQ Public Water System Number: PWS 04-037

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2	PVC, GIP	2,250
3	None	
4	ACP, C900	9,139
5	None	
6	ACP, C900	16,696
8	C900	12,659
10	None	
12	None	

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	334
3/4	2
1	61
1 1/2	1
2	
Comp. 3	
Turbo 3	
Comp. 4	
Turbo 4	
Comp. 6	
Turbo 6	

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:

2-Mark I pellet chlorinators

STRUCTURES:

288 feet of chain link fence 323 sq ft wood frame bldg

80 sq ft wood frame bldg

131 feet of chain link fence 150 sq ft wood frame bldg

223 feet of chain link fence 36 sq ft wood frame bldg

OTHER:

2-T100G remote tank monitoring units

COMPANY NAME Payson Water Co., Inc.
Name of System: Deer Creek Water System ADEQ Public Water System Number: PWS 04-064

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-086809	5	25	260	6	1	1981
55-512278	1	8	260	6	5/8 x 3/4	1985

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
None		

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
7.5	1	None	None
5	1		
3	1		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
125,000	1	5,000	1
		119	1

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME Payson Water Co., Inc.	
Name of System: Deer Creek Water System	ADEQ Public Water System Number: PWS 04-064

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS			CUSTOMER METERS	
Size (in inches)	Material	Length (in feet)	Size (in inches)	Quantity
2	PVC	385	5/8 X 3/4	125
3	None		3/4	2
4	PVC	18,352	1	1
5	None		1 1/2	
6	PVC	647	2	
8	None		Comp. 3	
10	None		Turbo 3	3
12	None		Comp. 4	
			Turbo 4	
			Comp. 6	
			Turbo 6	

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:

1-Mark I pellet chlorinator

STRUCTURES:

30 x 95 chain link fence

38 x 50 chain link fence

105 x 105 chain link fence

17 x 30 wood frame bldg

7 x 8 wood frame bldg

OTHER:

1-T100G remote tank monitoring unit

COMPANY NAME Payson Water Co., Inc.

Name of System: Meads Ranch Water System **ADEQ Public Water System Number:** PWS 04-015

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-644405	5	5	160	20	5/8 x 3/4	1965

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
None		

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
5	1	None	None
3	1		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
10,000	2	80	1

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME Payson Water Co., Inc.

Name of System: Meads Ranch Water System **ADEQ Public Water System Number:** PWS 04-015

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2	PVC	4,480
3	PVC	2,510
4	None	
5	None	
6	None	
8	None	
10	None	
12	None	

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	73
3/4	
1	
1 1/2	
2	
Comp. 3	
Turbo 3	
Comp. 4	
Turbo 4	
Comp. 6	
Turbo 6	

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:

1-Mark I pellet chlorinator

STRUCTURES:

OTHER:

1-T100G remote tank monitoring unit

1-T100GS remote tank monitoring unit

COMPANY NAME Payson Water Co., Inc.	
Name of System: Mesa del Caballo	ADEQ Public Water System Number: PWS 04-030

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-631113	5	5	104	6	5/8 x 3/4	1977
55-500270	3	4	450	6	5/8 x 3/4	1981
55-801698	2	0	100	6	5/8 x 3/4	1984
55-801699 & 55-631114	1 & no pump	1	80 & 80	6	5/8 x 3/4	1984 & 19
55-513409	1	3.4	395	6	5/8 x 3/4	1986
55-556158	2	13	400	6	1	1996

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
JO 55-588967, Behm 55-560398, ECC 04030	11, 1, 4.5	
Town of Payson	160	378

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
5	1	None	None
7.5	1		
10	1		
20	1		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
15,000	3	2,000	4
20,000	1	80	1
40,000	1		

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME Payson Water Co., Inc.	
Name of System: Mesa del Caballo	ADEQ Public Water System Number: PWS 04-030

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS			CUSTOMER METERS	
Size (in inches)	Material	Length (in feet)	Size (in inches)	Quantity
2	PVC	700	5/8 X 3/4	409
3	PVC	1,400	3/4	
4	ACP	22,476	1	1
5	None		1 1/2	
6	None		2	
8	None		Comp. 3	
10	None		Turbo 3	
12	None		Comp. 4	
			Turbo 4	
			Comp. 6	
			Turbo 6	

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:

2-Mark I pellet chlorinators

STRUCTURES:

7- 8x8 block bldgs 791 feet of chain link fence

1-6x6 wood frame bldg.

37 x 44 chain link fence

30 x 30 chain link fence

24 x 35 chain link fence

OTHER:

COMPANY NAME Payson Water Co., Inc.	
Name of System: Whispering Pines	ADEQ Public Water System Number:

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-621333	1	17	85	6	1	1965
55-621334	2	28	50	8	1	1960
				7.5		

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
None		

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
7.5	4	None	None
			20,000

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
20,000	2	2,000	3
		1,000	1

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME Payson Water Co., Inc.

Name of System: Whispering Pines

ADEQ Public Water System Number: 04-039

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2	PVC, GIP	9,100
3	PVC	5,250
4	ACP	18,900
5	None	
6	None	
8	None	
10	None	
12	None	

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	171
3/4	
1	1
1 1/2	
2	
Comp. 3	
Turbo 3	
Comp. 4	
Turbo 4	
Comp. 6	
Turbo 6	

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:

2-Mark I pellet chlorinators

2-Mark I pellet chlorinators

2-Mark I pellet chlorinators

2-Mark I pellet chlorinators

2-Mark I pellet chlorinators

STRUCTURES:

8x35 chain link fence, 26x30 chain link fence, 6x6 chain link fence, 25x35 chain link fence

8x35 chain link fence, 26x30 chain link fence, 6x6 chain link fence, 25x35 chain link fence

8x35 chain link fence, 26x30 chain link fence, 6x6 chain link fence, 25x35 chain link fence

8x35 chain link fence, 26x30 chain link fence, 6x6 chain link fence, 25x35 chain link fence

8x35 chain link fence, 26x30 chain link fence, 6x6 chain link fence, 25x35 chain link fence

OTHER:

2-T100GS remote tank monitoring units

2-T100GS remote tank monitoring units

2-T100GS remote tank monitoring units

2-T100GS remote tank monitoring units

2-T100GS remote tank monitoring units

COMPANY NAME Payson Water Co., Inc.	
Name of System: Flowing Springs	ADEQ Public Water System Number: 04-027

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-631115	1	10	150	5	5/8 x 3/4	1950

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
None		

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
5	1	None	None

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
15,000	1	1,000	1

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME Payson Water Co., Inc.

Name of System: Flowing Springs

ADEQ Public Water System Number: 04-027

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2	PVC	11,616
3	None	
4	PVC	5,000
5	None	
6	None	
8	None	
10	None	
12	None	

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	33
3/4	
1	
1 1/2	
2	
Comp. 3	
Turbo 3	
Comp. 4	
Turbo 4	
Comp. 6	
Turbo 6	

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:

1-Mark I pellet chlorinator

STRUCTURES:

20 x 26 chain link fence

OTHER:

1-T100GS remote tank monitoring unit

COMPANY NAME Payson Water Co., Inc.	
Name of System: Gisela Water System	ADEQ Public Water System Number: 04-036

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-645162	5	92	50	12	2	1971

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
None		

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
7.5	3	None	None
5	1		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
30,000	1	500	1
50,000	1	1,000	1
		2,000	1

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME Payson Water Co., Inc.

Name of System: Gisela Water System

ADEQ Public Water System Number: 04-036

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2	None	
3	PVC	360
4	PVC	9,530
5	None	
6	PVC	7,850
8	None	
10	None	
12	None	

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	216
3/4	
1	3
1 1/2	
2	
Comp. 3	
Turbo 3	
Comp. 4	
Turbo 4	
Comp. 6	
Turbo 6	

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:

1-Mark I pellet chlorintaor

1-Mark I pellet chlorintaor

1-Mark I pellet chlorintaor

STRUCTURES:

350 feet of chain link fence, 11x 28 chain link fence, 12 x 18 chain link fence

350 feet of chain link fence, 11x 28 chain link fence, 12 x 18 chain link fence

350 feet of chain link fence, 11x 28 chain link fence, 12 x 18 chain link fence

350 feet of chain link fence, 11x 28 chain link fence, 12 x 18 chain link fence

350 feet of chain link fence, 11x 28 chain link fence, 12 x 18 chain link fence

OTHER:

1-T100G remote tank monitoring unit

1-T100G remote tank monitoring unit

1-T100G remote tank monitoring unit

1-T100G remote tank monitoring unit

1-T100G remote tank monitoring unit

COMPANY NAME: Payson Water Co., Inc.	
Name of System: Geronimo Estates	ADEQ Public Water System Number: PWS 04-028

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2010

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	86	105	110	
FEBRUARY	87	70	60	
MARCH	85	87	42	
APRIL	85	93	65	
MAY	85	92	70	
JUNE	85	154	167	
JULY	85	207	164	
AUGUST	86	156	64	
SEPTEMBER	86	128	164	
OCTOBER	87	107	166	
NOVEMBER	87	92	112	
DECEMBER	86	77	69	
TOTALS →		1,368	1,253	0

What is the level of arsenic for each well on your system? .0049 each mg/l
(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? N/A GPM for hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?
☒ Yes ☐ No

Is the Water Utility located in an ADWR Active Management Area (AMA)?
☐ Yes ☒ No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
☐ Yes ☒ No

If yes, provide the GPCPD amount: N/A

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME: Payson Water Co., Inc.	
Name of System: East Verde Estates	ADEQ Public Water System Number: PWS 04-026

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2010

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	142	358	350	
FEBRUARY	144	230	258	
MARCH	143	288	173	
APRIL	144	384	603	
MAY	144	403	94	
JUNE	145	431	433	
JULY	146	556	594	
AUGUST	146	462	438	
SEPTEMBER	145	484	478	
OCTOBER	144	377	383	
NOVEMBER	144	342	278	
DECEMBER	144	247	193	
TOTALS →		4,562	4275	0

What is the level of arsenic for each well on your system? .003 each mg/l
(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? N/A GPM for hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?
☒ Yes ☐ No

Is the Water Utility located in an ADWR Active Management Area (AMA)?
☐ Yes ☒ No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
☒ Yes ☒ No

If yes, provide the GPCPD amount: N/A

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME: Payson Water Co., Inc.

Name of System: Star Valley Water System **ADEQ Public Water System Number:** PWS 04-037

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2010

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	358	1,502	1,748	
FEBRUARY	360	1,088	1,013	
MARCH	356	1,082	1,139	
APRIL	358	1,598	1,650	
MAY	360	1,640	1,654	
JUNE	359	1,859	1,960	
JULY	362	2,432	2,706	
AUGUST	363	1,981	2,079	
SEPTEMBER	361	2,170	2,354	
OCTOBER	362	1,873	1,923	
NOVEMBER	362	1,473	1,618	
DECEMBER	362	1,298	1,223	
TOTALS →		19,996	21,067	0

What is the level of arsenic for each well on your system? 0.003 each mg/l
(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? 1000 GPM for 1 hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?
☒ Yes ☐ No

Is the Water Utility located in an ADWR Active Management Area (AMA)?
☐ Yes ☒ No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
☐ Yes ☒ No

If yes, provide the GPCPD amount: N/A

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME: Payson Water Co., Inc.

Name of System: Deer Creek Water System **ADEQ Public Water System Number:** PWS 04-064

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2010

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	125	422	505	
FEBRUARY	125	358	350	
MARCH	125	367	439	
APRIL	126	502	542	
MAY	126	550	570	
JUNE	126	583	638	
JULY	127	764	818	
AUGUST	127	694	717	
SEPTEMBER	127	751	880	
OCTOBER	127	643	634	
NOVEMBER	127	521	519	
DECEMBER	127	416	450	
TOTALS →		6,571	7,063	0

What is the level of arsenic for each well on your system? .0052 each mg/l
(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? N/A GPM for hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?
☒ Yes ☐ No

Is the Water Utility located in an ADWR Active Management Area (AMA)?
☐ Yes ☒ No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
☐ Yes ☒ No

If yes, provide the GPCPD amount: N/A

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME: Payson Water Co., Inc.
Name of System: Meads Ranch Water System ADEQ Public Water System Number: PWS 04-015

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2010

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	69	33	19	
FEBRUARY	69	30	27	
MARCH	69	30	30	
APRIL	69	44	45	
MAY	69	69	76	
JUNE	69	92	106	
JULY	69	116	121	
AUGUST	69	76	90	
SEPTEMBER	69	75	78	
OCTOBER	69	62	59	
NOVEMBER	69	36	43	
DECEMBER	69	32	61	
TOTALS →		702	756	0

What is the level of arsenic for each well on your system? 0.0013 mg/l
(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? N/A GPM for hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?
☒ Yes ☐ No

Is the Water Utility located in an ADWR Active Management Area (AMA)?
☐ Yes ☒ No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
☐ Yes ☒ No

If yes, provide the GPCPD amount: N/A

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME: Payson Water Co., Inc.

Name of System: Mesa del Caballo

ADEQ Public Water System Number: PWS 04-030

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2010

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	371	1,489	820	543
FEBRUARY	369	901	633	459
MARCH	367	954	425	458
APRIL	364	1,325	795	554
MAY	363	1,301	695	731
JUNE	365	1,164	609	630
JULY	365	1,401	761	678
AUGUST	369	1,391	698	644
SEPTEMBER	371	1,381	699	781
OCTOBER	370	1,185	598	584
NOVEMBER	369	1,124	599	613
DECEMBER	367	1,170	578	587
TOTALS →		14,714	7,910	7,262

What is the level of arsenic for each well on your system? .003 each mg/l
(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? N/A GPM for hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?
☒ Yes ☐ No

Is the Water Utility located in an ADWR Active Management Area (AMA)?
☐ Yes ☒ No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
☐ Yes ☒ No

If yes, provide the GPCPD amount:

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME: Payson Water Co., Inc.

Name of System: Whispering Pines

ADEQ Public Water System Number: 04-039

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2010

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	154	295	385	
FEBRUARY	153	179	211	
MARCH	152	148	201	
APRIL	152	400	456	
MAY	152	569	486	
JUNE	150	567	617	
JULY	151	885	898	
AUGUST	152	512	457	
SEPTEMBER	151	391	497	
OCTOBER	151	355	388	
NOVEMBER	151	330	179	
DECEMBER	152	230	86	
TOTALS →		4,860	4,961	

What is the level of arsenic for each well on your system? 0.003 each mg/l
(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? N/A GPM for hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?
☒ Yes ☐ No

Is the Water Utility located in an ADWR Active Management Area (AMA)?
☐ Yes ☒ No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
☐ Yes ☒ No

If yes, provide the GPCPD amount: N/A

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME: Payson Water Co., Inc.	
Name of System: Flowing Springs	ADEQ Public Water System Number: 04-027

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2010

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	28	80	90	
FEBRUARY	28	52	13	
MARCH	28	68	78	
APRIL	28	92	105	
MAY	28	113	123	
JUNE	28	172	179	
JULY	28	177	179	
AUGUST	28	134	145	
SEPTEMBER	28	176	193	
OCTOBER	28	156	149	
NOVEMBER	28	123	121	
DECEMBER	28	81	0	
TOTALS →		1,425	1,374	0

What is the level of arsenic for each well on your system? 0.003 mg/l
(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? N/A GPM for hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?
☒ Yes ☐ No

Is the Water Utility located in an ADWR Active Management Area (AMA)?
☐ Yes ☒ No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
☐ Yes ☒ No

If yes, provide the GPCPD amount: N/A

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME: Payson Water Co., Inc.

Name of System: Gisela Water System

ADEQ Public Water System Number: 04-036

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2010

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	168	749	1,168	
FEBRUARY	167	586	685	
MARCH	164	602	868	
APRIL	164	900	1,195	
MAY	166	1,125	1,331	
JUNE	164	1,279	1,579	
JULY	165	1,637	2,054	1,496
AUGUST	165	1,247	1,319	
SEPTEMBER	164	1,541	1,671	
OCTOBER	163	1,496	1,395	
NOVEMBER	162	841	1,698	
DECEMBER	163	692	1,911	
TOTALS →		12,767	15,625	1,496

What is the level of arsenic for each well on your system? .0016 mg/l
(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? N/A GPM for hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?
☒ Yes ☐ No

Is the Water Utility located in an ADWR Active Management Area (AMA)?
☐ Yes ☒ No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
☐ Yes ☒ No

If yes, provide the GPCPD amount: N/A

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME: Payson Water Co., Inc

Name of System: Geronimo Estates

ADEQ Public Water System Number: PWS 04-028

UTILITY SHUTOFFS / DISCONNECTS

MONTH	Termination without Notice R14-2-410.B	Termination with Notice R14-2-410.C	OTHER
JANUARY		0	
FEBRUARY		0	
MARCH		1	
APRIL		2	
MAY		1	
JUNE		0	
JULY		0	
AUGUST		2	
SEPTEMBER		1	
OCTOBER		0	
NOVEMBER		1	
DECEMBER		0	
TOTALS →	None	8	None

OTHER (description):

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Gallons Pumped is less than Gallons Sold due to failed production meter devices during the year.

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COMPANY NAME: Payson Water Co., Inc.

Name of System: East Verde Estates

ADEQ Public Water System Number: PWS 04-026

UTILITY SHUTOFFS / DISCONNECTS

MONTH	Termination without Notice R14-2-410.B	Termination with Notice R14-2-410.C	OTHER
JANUARY		0	
FEBRUARY		2	
MARCH		1	
APRIL		1	
MAY		1	
JUNE		2	
JULY		1	
AUGUST		1	
SEPTEMBER		1	
OCTOBER		0	
NOVEMBER		1	
DECEMBER		0	
TOTALS →	None	11	None

OTHER (description):

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—
Gallons Pumped is less than Gallons Sold due to failed production meter devices during the year.
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COMPANY NAME: Payson Water Co., Inc.	
Name of System: Star Valley Water System	ADEQ Public Water System Number: PWS 04-037

UTILITY SHUTOFFS / DISCONNECTS

MONTH	Termination without Notice R14-2-410.B	Termination with Notice R14-2-410.C	OTHER
JANUARY		2	
FEBRUARY		1	
MARCH		2	
APRIL		2	
MAY		2	
JUNE		2	
JULY		1	
AUGUST		1	
SEPTEMBER		2	
OCTOBER		3	
NOVEMBER		1	
DECEMBER		2	
TOTALS →	None	20	None

OTHER (description):

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COMPANY NAME: Payson Water Co., Inc

Name of System: Deer Creek Water System **ADEQ Public Water System Number:** PWS 04-064

UTILITY SHUTOFFS / DISCONNECTS

MONTH	Termination without Notice R14-2-410.B	Termination with Notice R14-2-410.C	OTHER
JANUARY		0	
FEBRUARY		0	
MARCH		2	
APRIL		1	
MAY		1	
JUNE		2	
JULY		1	
AUGUST		0	
SEPTEMBER		0	
OCTOBER		1	
NOVEMBER		1	
DECEMBER		1	
TOTALS →	None	11	None

OTHER (description):

COMPANY NAME: Payson Water Co., Inc
Name of System: Meads Ranch Water System ADEQ Public Water System Number: PWS 04-015

UTILITY SHUTOFFS / DISCONNECTS

MONTH	Termination without Notice R14-2-410.B	Termination with Notice R14-2-410.C	OTHER
JANUARY		0	
FEBRUARY		0	
MARCH		1	
APRIL		0	
MAY		0	
JUNE		2	
JULY		1	
AUGUST		2	
SEPTEMBER		2	
OCTOBER		1	
NOVEMBER		1	
DECEMBER		0	
TOTALS →	None	10	None

OTHER (description):

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COMPANY NAME: Payson Water Co., Inc	
Name of System: Mesa del Caballo	ADEQ Public Water System Number: PWS 04-030

UTILITY SHUTOFFS / DISCONNECTS

MONTH	Termination without Notice R14-2-410.B	Termination with Notice R14-2-410.C	OTHER
JANUARY		1	
FEBRUARY		1	
MARCH		3	
APRIL		4	
MAY		7	
JUNE		4	
JULY		4	
AUGUST		2	
SEPTEMBER		4	
OCTOBER		4	
NOVEMBER		2	
DECEMBER		1	
TOTALS →	None	37	None

OTHER (description):

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COMPANY NAME: Payson Water Co., Inc	
Name of System: Whispering Pines	ADEQ Public Water System Number: 04-039

UTILITY SHUTOFFS / DISCONNECTS

MONTH	Termination without Notice R14-2-410.B	Termination with Notice R14-2-410.C	OTHER
JANUARY		2	
FEBRUARY		1	
MARCH		1	
APRIL		1	
MAY		2	
JUNE		1	
JULY		2	
AUGUST		2	
SEPTEMBER		1	
OCTOBER		1	
NOVEMBER		0	
DECEMBER		1	
TOTALS →	None	15	None

OTHER (description):

COMPANY NAME: Payson Water Co., Inc	
Name of System: Flowing Springs	ADEQ Public Water System Number: 04-027

UTILITY SHUTOFFS / DISCONNECTS

MONTH	Termination without Notice R14-2-410.B	Termination with Notice R14-2-410.C	OTHER
JANUARY		0	
FEBRUARY		0	
MARCH		1	
APRIL		0	
MAY		0	
JUNE		2	
JULY		0	
AUGUST		1	
SEPTEMBER		2	
OCTOBER		1	
NOVEMBER		1	
DECEMBER		0	
TOTALS →	None	8	None

OTHER (description):

Gallons Pumped is less than Gallons Sold due to failed production meter devices during the year.

COMPANY NAME: Payson Water Co., Inc	
Name of System: Gisela Water System	ADEQ Public Water System Number: 04-036

UTILITY SHUTOFFS / DISCONNECTS

MONTH	Termination without Notice R14-2-410.B	Termination with Notice R14-2-410.C	OTHER
JANUARY		1	
FEBRUARY		1	
MARCH		2	
APRIL		1	
MAY		2	
JUNE		4	
JULY		2	
AUGUST		1	
SEPTEMBER		1	
OCTOBER		1	
NOVEMBER		1	
DECEMBER		2	
TOTALS →	None	19	None

OTHER (description):

—

—

—

—

—

—

COMPANY NAME Payson Water Co., Inc.

YEAR ENDING 12/31/2010

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2010 was: \$ 23,634

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

—

—

—

—

**VERIFICATION
AND
SWORN STATEMENT
Taxes**

RECEIVED
APR 11 2011
ACC UTILITIES DIRECTOR

VERIFICATION

STATE OF California

**I, THE UNDERSIGNED
OF THE**

COUNTY OF (COUNTY NAME) <u>Kern</u>	
NAME (OWNER OR OFFICIAL) TITLE <u>Robert T. Hardcastle</u>	
COMPANY NAME <u>Payson Water Co., Inc.</u>	

**DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE
ARIZONA CORPORATION COMMISSION**

FOR THE YEAR ENDING

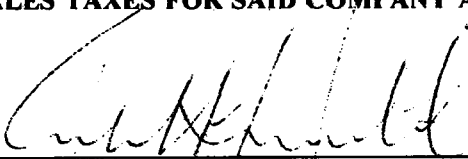
MONTH	DAY	YEAR
12	31	2010

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.



SIGNATURE OF OWNER OR OFFICIAL
(661) 633-7526

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

DAY OF

(SEAL)

COUNTY NAME <u>Kern</u>	
MONTH <u>April</u> 20 <u>11</u>	

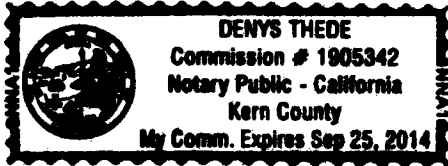
SIGNATURE OF NOTARY PUBLIC

Jurat

State of California

County of Kern

Subscribed and sworn to (or affirmed) before me on this 12th day of April, 2011, by Robert T. Hardcastle, proved to me on the basis of satisfactory evidence to be the person who appeared before me.



A handwritten signature in cursive script, appearing to read "Robert T. Hardcastle", written over a horizontal line.

COMPANY NAME Payson Water Co., Inc.YEAR ENDING 12/31/2010**INCOME TAXES**

For this reporting period, provide the following:

Federal Taxable Income Reported (180,140)
Estimated or Actual Federal Tax Liability _____State Taxable Income Reported (129,904)
Estimated or Actual State Tax Liability _____

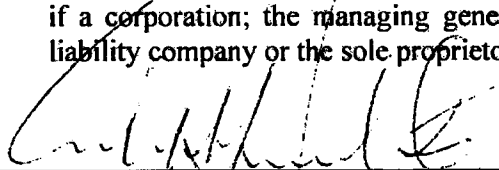
Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances _____
Amount of Gross-Up Tax Collected _____
Total Grossed-Up Contributions/Advances _____

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.



SIGNATURE4-12-11

DATERobert T. Hardcastle

PRINTED NAMEPresident

TITLE

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

RECEIVED
APR 12 2011
ACC UTILITIES DIRECTOR

VERIFICATION

STATE OF California

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)	Kern
NAME (OWNER OR OFFICIAL) TITLE	Robert T. Hardcastle
COMPANY NAME	Payson Water Co., Inc.

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2010

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

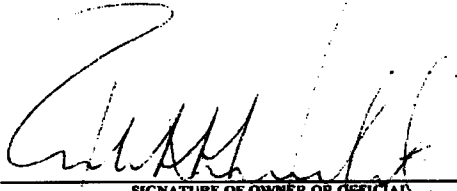
IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2010 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 482,326

(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 34,862
IN SALES TAXES BILLED, OR COLLECTED)

****REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**



SIGNATURE OF OWNER OR OFFICIAL
(661) 633-7526

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

[Notary Seal Area]	<table border="1" style="width: 100%;"><tr><td style="padding: 2px;">COUNTY NAME</td><td style="text-align: center;">Kern</td></tr><tr><td style="padding: 2px;">MONTH</td><td style="text-align: center;">2011</td></tr></table>	COUNTY NAME	Kern	MONTH	2011
COUNTY NAME	Kern				
MONTH	2011				

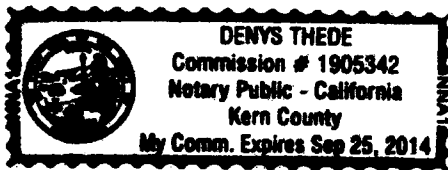
*See attached
April 12, 2011*

Jurat

State of California

County of Kern

Subscribed and sworn to (or affirmed) before me on this 12th day of April, 2011, by Robert T. Hardcastle, proved to me on the basis of satisfactory evidence to be the person who appeared before me.



A handwritten signature in black ink, appearing to read "Denys Thede", written over a horizontal line.

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
Intrastate Revenues Only**

RECEIVED
APR 12 2011
ACC UTILITIES DIRECTOR

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) Kern	
NAME (OWNER OR OFFICIAL) Robert T. Hardcastle	TITLE President
COMPANY NAME Payson Water Co., Inc.	

**DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION
FOR THE YEAR ENDING**

MONTH	DAY	YEAR
12	31	2010

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

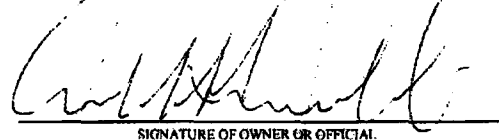
IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2010 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES

\$ 472,024

THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 34,862
IN SALES TAXES BILLED, OR COLLECTED)

***RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.**



SIGNATURE OF OWNER OR OFFICIAL

(661) 633-7526

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS



(SEAL)

NOTARY PUBLIC NAME	
COUNTY NAME Kern	
MONTH	20 11

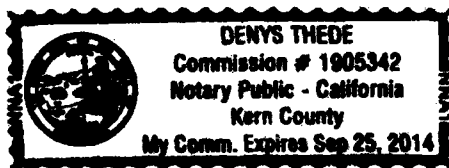
*for attached
April 12, 2011*

Jurat

State of California

County of Kern

Subscribed and sworn to (or affirmed) before me on this 12th day of April, 2011, by Robert T. Hardcastle, proved to me on the basis of satisfactory evidence to be the person who appeared before me.



A handwritten signature in black ink, appearing to read "Robert T. Hardcastle", written over a horizontal line.

Exhibit 0

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL - MAKE CHANGES AS NECESSARY

W-03514A
Payson Water Co., Inc.
PO Box 82218
Bakersfield, CA 93380

RECEIVED

'APR 16 2012

ACC UTILITIES DIRECTOR

ANNUAL REPORT
Water

FOR YEAR ENDING

12	31	2011
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FOR COMMISSION USE

ANN 04	11
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4-19-12

COMPANY INFORMATION

Company Name (Business Name) <u>Payson Water Co., Inc</u>			
Mailing Address <u>P.O. Box 82218</u>			
<u>Bakersfield</u>	<u>CA</u>	<u>93380</u>	
(City)	(State)	(Zip)	
<u>(800) 270-6084 or (661) 633-7526</u>		<u>(800) 748-6981</u>	
Telephone No. (Include Area Code)		Fax No. (Include Area Code)	Cell No. (Include Area Code)
Email Address <u>CustomerServiceCenter@brookeutilities.com</u>			
Local Office Mailing Address <u>9079 Riverside Drive</u>			
<u>Parker</u>	<u>AZ</u>	<u>85344</u>	
(City)	(State)	(Zip)	
<u>(928) 6673336</u>		<u>(928) 661-2527</u>	
Local Office Telephone No. (Include Area Code)		Fax No. (Include Area Code)	Cell No. (Include Area Code)
Email Address <u>DavidA@brookeutilities.com</u>			

MANAGEMENT INFORMATION

<input type="checkbox"/> Regulatory Contact:			
<input checked="" type="checkbox"/> Management Contact: <u>Robert T. Hardcastle</u> <u>President</u>			
(Name) (Title)			
<u>P.O. Box</u>	<u>Bakersfield</u>	<u>CA</u>	<u>93380</u>
(Street)	(City)	(State)	(Zip)
<u>(661) 633-7526</u>		<u>(800) 748-6981</u>	
Telephone No. (Include Area Code)		Fax No. (Include Area Code)	Cell No. (Include Area Code)
Email Address <u>RTH@brookeutilities.com</u>			
On Site Manager: <u>David Allred</u>			
(Name)			
<u>9079 Riverside Drive</u>	<u>Parker</u>	<u>AZ</u>	<u>85344</u>
(Street)	(City)	(State)	(Zip)
<u>(928) 667-3336</u>		<u>(928) 667-2527</u>	
Telephone No. (Include Area Code)		Fax No. (Include Area Code)	Cell No. (Include Area Code)

Email Address DavidA@brookeutilities.com

Statutory Agent: <u>Robert T. Hardcastle</u>			
(Name)			
<u>P.O Box 82218</u>	<u>Bakersfield</u>	<u>CA</u>	<u>93380</u>
(Street)	(City)	(State)	(Zip)
<u>(661) 633-7526</u>	<u>(800) 748-6981</u>		
Telephone No. (Include Area Code)		Fax No. (Include Area Code)	
Cell No. (Include Area Code)			
Attorney: <u>Jay Shapiro with Fennemore Craig</u>			
(Name)			
<u>3003 N. Central Ave. Ste. 2600</u>	<u>Phoenix</u>	<u>AZ</u>	<u>85012</u>
(Street)	(City)	(State)	(Zip)
<u>(602) 916-5000</u>	<u>(602) 916-5566</u>		
Telephone No. (Include Area Code)		Fax No. (Include Area Code)	
Cell No. (Include Area Code)			
Email Address <u>JLShapiro@fclaw.com</u>			

OWNERSHIP INFORMATION

Check the following box that applies to your company:

- | | |
|--|---|
| <input type="checkbox"/> Sole Proprietor (S) | <input checked="" type="checkbox"/> C Corporation (C) (Other than Association/Co-op) |
| <input type="checkbox"/> Partnership (P) | <input type="checkbox"/> Subchapter S Corporation (Z) |
| <input type="checkbox"/> Bankruptcy (B) | <input type="checkbox"/> Association/Co-op (A) |
| <input type="checkbox"/> Receivership (R) | <input type="checkbox"/> Limited Liability Company |
| <input type="checkbox"/> Other (Describe) _____ | |

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

- | | | |
|---|--|--|
| <input type="checkbox"/> APACHE | <input type="checkbox"/> COCHISE | <input type="checkbox"/> COCONINO |
| <input checked="" type="checkbox"/> GILA | <input type="checkbox"/> GRAHAM | <input type="checkbox"/> GREENLEE |
| <input type="checkbox"/> LA PAZ | <input type="checkbox"/> MARICOPA | <input type="checkbox"/> MOHAVE |
| <input type="checkbox"/> NAVAJO | <input type="checkbox"/> PIMA | <input type="checkbox"/> PINAL |
| <input type="checkbox"/> SANTA CRUZ | <input type="checkbox"/> YAVAPAI | <input type="checkbox"/> YUMA |
| <input type="checkbox"/> STATEWIDE | | |

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization	300	288	12
302	Franchises			
303	Land and Land Rights	22,391	16,127	6,264
304	Structures and Improvements	216,605	159,554	57,051
307	Wells and Springs	370,494	273,484	97,010
311	Pumping Equipment	289,649	130,308	159,341
320	Water Treatment Equipment	14,339	6,630	7,709
330	Distribution Reservoirs and Standpipes	371,561	216,079	155,482
331	Transmission and Distribution Mains	597,066	456,661	140,405
333	Services	111,038	91,141	19,897
334	Meters and Meter Installations	270,385	128,276	142,109
335	Hydrants	1,589	726	863
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment	435,371	334,311	101,060
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment	8,628	2,990	5,638
346	Communication Equipment	12,576	2,467	10,109
347	Miscellaneous Equipment			
348	Other Tangible Plant	4,146	568	3,578
	TOTALS	2,726,138	1,819,610	906,528

This amount goes on the Balance Sheet Acct. No. 108



CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization	300	2.67%	8
302	Franchises			
303	Land and Land Rights	22,391	2.84%	636
304	Structures and Improvements	216,605	2.90%	6,282
307	Wells and Springs	370,494	2.88%	10,670
311	Pumping Equipment	289,649	2.70%	7,821
320	Water Treatment Equipment	14,339	2.71%	389
330	Distribution Reservoirs and Standpipes	371,561	2.84%	10,552
331	Transmission and Distribution Mains	597,066	2.86%	17,076
333	Services	111,038	2.86%	3,176
334	Meters and Meter Installations	270,385	2.81%	7,598
335	Hydrants	1,589	2.89%	46
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment	435,371	2.87%	12,495
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment	8,628	2.87%	248
346	Communication Equipment	12,576	2.74%	345
347	Miscellaneous Equipment			
348	Other Tangible Plant	4,146	2.80%	116
	TOTALS	2,726,138	2.84%	77,458

This amount goes on the Comparative Statement of Income and Expense
Acct. No. 403.

BALANCE SHEET

Acct No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	ASSETS		
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$	\$
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable		
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets	695	(542)
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 695	\$ (542)
	FIXED ASSETS		
101	Utility Plant in Service	\$ 2,707,142	\$ 2,726,138
103	Property Held for Future Use		
105	Construction Work in Progress	168,234	174,380
108	Accumulated Depreciation – Utility Plant	(1,734,357)	(1,819,610)
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	TOTAL FIXED ASSETS	\$ 1,141,019	\$ 1,080,908
	TOTAL ASSETS	\$ 1,141,714	\$ 1,080,367

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITIES		
231	Accounts Payable	\$ 15,272	\$ 15,272
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies	211,690	285,779
235	Customer Deposits		
236	Accrued Taxes		
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities	13,979	
	TOTAL CURRENT LIABILITIES	\$ 240,941	\$ 301,051
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$	\$
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction	82,382	82,382
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction	877,282	877,282
272	Less: Amortization of Contributions	(555,930)	(584,004)
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	\$ 403,734	\$ 375,660
	TOTAL LIABILITIES	\$ 644,675	\$ 676,711
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$ 646,630	\$ 646,630
211	Paid in Capital in Excess of Par Value	364,385	364,385
215	Retained Earnings	(513,976)	(607,360)
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	\$ 497,039	\$ 403,655
	TOTAL LIABILITIES AND CAPITAL	\$ 1,141,714	\$ 1,080,367

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 437,162	\$ 474,116
460	Unmetered Water Revenue		
474	Other Water Revenues	10,302	22,923
	TOTAL REVENUES	\$ 447,464	\$ 497,039
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 51,561	\$ 56,886
610	Purchased Water	24,322	46,604
615	Purchased Power	60,310	60,782
618	Chemicals	42	
620	Repairs and Maintenance	15,492	22,692
621	Office Supplies and Expense		
630	Outside Services	41,021	48,621
635	Water Testing	14,124	17,916
641	Rents		
650	Transportation Expenses		
657	Insurance – General Liability		
659	Insurance - Health and Life	2,374	2,614
666	Regulatory Commission Expense – Rate Case		
675	Miscellaneous Expense	248,909	231,299
403	Depreciation Expense	76,927	77,458
408	Taxes Other Than Income		
408.11	Property Taxes	23,634	24,892
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 558,716	\$ 589,764
	OPERATING INCOME/(LOSS)	\$ (111,252)	\$ (92,725)
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses	(516,000)	(650)
427	Interest Expense	(23)	(10)
	TOTAL OTHER INCOME/(EXPENSE)	\$ (516,023)	\$ (660)
	NET INCOME/(LOSS)	\$ (627,275)	\$ (93,384)

COMPANY NAME	Payson Water Co., Inc
---------------------	-----------------------

SUPPLEMENTAL FINANCIAL DATA
Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued				
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$	\$	\$	\$
Amount Outstanding	\$	\$	\$	\$
Date of Maturity				
Interest Rate	%	%	%	%
Current Year Interest	\$	\$	\$	\$
Current Year Principle	\$	\$	\$	\$

Meter Deposit Balance at Test Year End

\$ 16,249.30

Meter Deposits Refunded During the Test Year

\$ 2,329.00

COMPANY NAME Payson Water Co., Inc.	
Name of System: Geronimo Estates	ADEQ Public Water System Number: PWS04-028

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-621336	1	6.5	160	6	5/8 x 3/4	1965
55-515318	2	15	150	6	5/8 x 3/4	1986
55-631114	1	8	160	6	1	1985

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
None		

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
5	3	None	None
3	1		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
15,000	2	500	1
		119	3

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME	Payson Water Co., Inc
Name of System: GERONIMO ESTATE ADEQ Public Water System Number: 04-020	

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS		
Size (in inches)	Material	Length (in feet)
2	PVC	1620
3	PVC	2270
4	ACP	6794
5		
6		
8		
10		
12		

CUSTOMER METERS	
Size (in inches)	Quantity
5/8 X 3/4	96
3/4	
1	
1 1/2	
2	
Comp. 3	
Turbo 3	
Comp. 4	
Turbo 4	
Comp. 6	
Turbo 6	

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:

2- MAKE 1 PERBET CHLORINATORS

STRUCTURES:

142 FT.	FENCE
10x10	FENCE
19x32	FENCE
10x12	WOOD STRUCTURE

OTHER:

2- T100GS REMOTE TANK MONITORS

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME Payson Water Co., Inc.	
Name of System: East Verde Estates	ADEQ Public Water System Number: PWS 04-026

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-621332	1	7	80	8	5/8 x 3/4	1958
55-621335	1	1.2	40	8	5/8 x 3/4	1955
55-518599	8	8	100	8	1	1987

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
None		

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
7.5	1	None	None

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
40,000	1	2,000	1

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME Payson Water Co., Inc	
Name of System: East Verde Estates	ADEQ Public Water System Number: PWS 04-028

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS			CUSTOMER METERS	
Size (in inches)	Material	Length (in feet)	Size (in inches)	Quantity
2	GIP	5,947	5/8 X 3/4	160
3	None		3/4	1
4	ACP	27,317	1	
5	None		1 1/2	
6	None		2	
8	None		Comp. 3	
10	None		Turbo 3	
12	None		Comp. 4	
			Turbo 4	
			Comp. 6	
			Turbo 6	

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:

1-Mark I pellet chlorinator

STRUCTURES:

11 x 11 chain link fence

20 x 20 chain link fence

30 x 36 chain link fence

OTHER:

1-T100GS remote tank monitoring unit

COMPANY NAME Payson Water Co., Inc.
Name of System: Star Valley Water System ADEQ Public Water System Number: PWS 04-037

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-501381	2	7	105	6	None	1981
55-605247	2	22	30	8	1	1960
55-519703	1	20	30	6	5/8 x 3/4	1987
55-538696	1.5	2	300	6	1	1993
55-548773	15	140	240	8 & 6	3	1995

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
None		

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
7.5	3	25	None
60	1		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
15,000 (not in use)	1	1,000 (not in use)	1
20,000 & 30,000	1 each	2,000	2
160,000	1		

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME Payson Water Co., Inc.

Name of System: Star Valley Water System **ADEQ Public Water System Number:** PWS 04-037

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2	PVC, GIP	2,250
3	None	
4	ACP,C900	9,139
5	None	
6	ACP,C900	16,696
8	C900	12,659
10	None	
12	None	

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	334
3/4	2
1	61
1 1/2	1
2	
Comp. 3	
Turbo 3	
Comp. 4	
Turbo 4	
Comp. 6	
Turbo 6	

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:

2-Mark I pellet chlorinators

STRUCTURES:

288 feet of chain link fence 323 sq ft wood frame bldg

80 sq ft wood frame bldg

131 feet of chain link fence 150 sq ft wood frame bldg

223 feet of chain link fence 36 sq ft wood frame bldg

OTHER:

2-T100G remote tank monitoring units

COMPANY NAME Payson Water Co., Inc.
Name of System: Deer Creek Water System ADEQ Public Water System Number: PWS 04-064

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-086809	5	25	260	6	1	1981
55-512278	1	8	260	6	5/8 x 3/4	1985

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
None		

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
7.5	1	None	None
5	1		
3	1		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
125,000	1	5,000	1
		119	1

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME Payson Water Co., Inc.

Name of System: Deer Creek Water System

ADEQ Public Water System Number: PWS 04-084

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2	PVC	385
3	None	
4	PVC	18,352
5	None	
6	PVC	647
8	None	
10	None	
12	None	

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	125
3/4	2
1	1
1 1/2	
2	
Comp. 3	
Turbo 3	3
Comp. 4	
Turbo 4	
Comp. 6	
Turbo 6	

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:

1-Mark I pellet chlorinator

STRUCTURES:

30 x 95 chain link fence

38 x 50 chain link fence

105 x 105 chain link fence

17 x 30 wood frame bldg

7 x 8 wood frame bldg

OTHER:

1-T100G remote tank monitoring unit

COMPANY NAME Payson Water Co., Inc.
Name of System: Meads Ranch Water System ADEQ Public Water System Number: PWS 04-015

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-844405	5	5	160	20	5/8 x 3/4	1985

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
None		

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
5	1	None	None
3	1		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
10,000	2	80	1

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME Payson Water Co., Inc.
Name of System: Meads Ranch Water System ADEQ Public Water System Number: PWS 04-015

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS			CUSTOMER METERS	
Size (in inches)	Material	Length (in feet)	Size (in inches)	Quantity
2	PVC	4,480	5/8 X 3/4	73
3	PVC	2,510	3/4	
4	None		1	
5	None		1 1/2	
6	None		2	
8	None		Comp. 3	
10	None		Turbo 3	
12	None		Comp. 4	
			Turbo 4	
			Comp. 6	
			Turbo 6	

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:

1-Mark I pellet chlorinator

STRUCTURES:

OTHER:

1-T100G remote tank monitoring unit

1-T100GS remote tank monitoring unit

COMPANY NAME	Payson Water Co., Inc
Name of System: <u>MECA DEL CABALLO</u>	ADEQ Public Water System Number: <u>04-030</u>

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-631113	5	4	104	6	5/8 x 3/4	1977
55-500270	3	2.2	450	6	5/8 x 3/4	1981
55-801690	2	5	100	6	5/8 x 3/4	1984
55-513409	1	3	395	6	5/8 x 3/4	1986
55-556140	2	8.5	400	6	1	1996
55-801699	1	5	80	6	5/8 x 3/4	1984
55-631112	5	5	80	6	5/8 x 3/4	1985

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
55-588967, 55-560392, 55-585747	10-13.3	6,900,000
Town of Payson (MDC)		873,850

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
5	1	0	0
7.5	1		
10	1		
20	1		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
15,000	3	2,000	4
20,000	1	80	1
40,000	1		

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME	Payson Water Co., Inc
Name of System: MESA DEL CABALLO	ADEQ Public Water System Number: 04-030

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2	PVC	720
3	PVC	1400
4	ACP	22,476
5	/	
6	/	
8	/	
10	/	
12	/	

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	409
3/4	
1	1
1 1/2	
2	
Comp. 3	
Turbo 3	
Comp. 4	
Turbo 4	
Comp. 6	
Turbo 6	

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:

2- MARK I PELLET CHLORINATORS

STRUCTURES:

7- 8x8 BLOCK STRUCTURES w/ 791 FT. CHAIN LINK FENCE

1- 6x6 WOOD STRUCTURES

37x44 FENCE

30x30 FENCE

24x35 FENCE

OTHER:

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME Payson Water Co., Inc.
Name of System: Whispering Pines ADEQ Public Water System Number:

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-621333	1	17	85	6	1	1965
55-621334	2	28	50	8	1	1960
				7.5		

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
None		

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
7.5	4	None	None
			20,000

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
20,000	2	2,000	3
		1,000	1

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME Payson Water Co., Inc.	
Name of System: Whispering Pines	ADEQ Public Water System Number: 04-039

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS			CUSTOMER METERS	
Size (in inches)	Material	Length (in feet)	Size (in inches)	Quantity
2	PVC, GIP	9,100	5/8 X 1/4	171
3	PVC	5,250	3/4	
4	ACP	18,900	1	1
5	None		1 1/2	
6	None		2	
8	None		Comp. 3	
10	None		Turbo 3	
12	None		Comp. 4	
			Turbo 4	
			Comp. 6	
			Turbo 6	

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:

2-Mark I pellet chlorinators	
2-Mark I pellet chlorinators	
2-Mark I pellet chlorinators	
2-Mark I pellet chlorinators	
2-Mark I pellet chlorinators	

STRUCTURES:

8x35 chain link fence, 26x30 chain link fence, 6x6 chain link fence, 25x35 chain link fence
8x35 chain link fence, 26x30 chain link fence, 6x6 chain link fence, 25x35 chain link fence
8x35 chain link fence, 26x30 chain link fence, 6x6 chain link fence, 25x35 chain link fence
8x35 chain link fence, 26x30 chain link fence, 6x6 chain link fence, 25x35 chain link fence
8x35 chain link fence, 26x30 chain link fence, 6x6 chain link fence, 25x35 chain link fence

OTHER:

2-T100GS remote tank monitoring units
2-T100GS remote tank monitoring units
2-T100GS remote tank monitoring units
2-T100GS remote tank monitoring units
2-T100GS remote tank monitoring units

COMPANY NAME Payson Water Co., Inc.	
Name of System: Flowing Springs	ADEQ Public Water System Number: 04-027

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-631115	1	10	150	5	5/8 x 3/4	1950

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
None		

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
5	1	None	None

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
15,000	1	1,000	1

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME Payson Water Co., Inc.	
Name of System: Flowing Springs	ADEQ Public Water System Number: 04-027

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS			CUSTOMER METERS	
Size (in inches)	Material	Length (in feet)	Size (in inches)	Quantity
2	PVC	11,616	5/8 X 1/4	33
3	None		3/4	
4	PVC	5,000	1	
5	None		1 1/2	
6	None		2	
8	None		Comp. 3	
10	None		Turbo 3	
12	None		Comp. 4	
			Turbo 4	
			Comp. 6	
			Turbo 6	

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:

1-Mark I pellet chlorinator

STRUCTURES:

20 x 26 chain link fence

OTHER:

1-T100GS remote tank monitoring unit

COMPANY NAME Payson Water Co., Inc.

Name of System: Gisela Water System

ADEQ Public Water System Number: 04-036

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-645162	5	92	50	12	2	1971

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
None		

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
7.5	3	None	None
5	1		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
30,000	1	500	1
50,000	1	1,000	1
		2,000	1

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME Payson Water Co., Inc.	
Name of System: Gisela Water System	ADEQ Public Water System Number: 04-036

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS			CUSTOMER METERS	
Size (in inches)	Material	Length (in feet)	Size (in inches)	Quantity
2	None		5/8 X 3/4	216
3	PVC	360	3/4	
4	PVC	9,530	1	3
5	None		1 1/2	
6	PVC	7,850	2	
8	None		Comp. 3	
10	None		Turbo 3	
12	None		Comp. 4	
			Turbo 4	
			Comp. 6	
			Turbo 6	

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:

1-Mark I pellet chlorintaor	
1-Mark I pellet chlorintaor	
1-Mark I pellet chlorintaor	

STRUCTURES:

350 feet of chain link fence, 11x 28 chain link fence, 12 x 18 chain link fence	
350 feet of chain link fence, 11x 28 chain link fence, 12 x 18 chain link fence	
350 feet of chain link fence, 11x 28 chain link fence, 12 x 18 chain link fence	
350 feet of chain link fence, 11x 28 chain link fence, 12 x 18 chain link fence	
350 feet of chain link fence, 11x 28 chain link fence, 12 x 18 chain link fence	

OTHER:

1-T100G remote tank monitoring unit	
1-T100G remote tank monitoring unit	
1-T100G remote tank monitoring unit	
1-T100G remote tank monitoring unit	
1-T100G remote tank monitoring unit	

COMPANY NAME:	Payson Water Co., Inc
Name of System:	GERMANO ESTATES ADEQ Public Water System Number: <u>04-028</u>

2011

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2010

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	86	91	93	
FEBRUARY	87	108	111	
MARCH	85	66	70	
APRIL	85	76	78	
MAY	85	128	130	
JUNE	84	229	233	
JULY	84	223	229	
AUGUST	84	186	189	
SEPTEMBER	83	188	188	
OCTOBER	82	126	131	
NOVEMBER	82	121	126	
DECEMBER	82	123	125	
TOTALS →		1,668	1,684	8

What is the level of arsenic for each well on your system? .0048 mg/l
(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? N/A GPM for ___ hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?
(☒) Yes () No

Is the Water Utility located in an ADWR Active Management Area (AMA)?
() Yes (☒) No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
() Yes (☒) No

If yes, provide the GPCPD amount: N/A

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME:	Payson Water Co., Inc
Name of System:	EAST VERDE ESTATES ADEQ Public Water System Number: <u>04-026</u>

2011

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2010

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	142	293	299	
FEBRUARY	144	278	286	
MARCH	143	222	224	
APRIL	144	275	289	
MAY	142	377	379	
JUNE	141	497	502	
JULY	143	515	519	
AUGUST	144	408	496	
SEPTEMBER	143	434	442	
OCTOBER	142	353	360	
NOVEMBER	143	283	289	
DECEMBER	143	267	269	
TOTALS →		4286	4307	5

What is the level of arsenic for each well on your system? .003 mg/l
(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? N/A GPM for hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?
☒ Yes ☐ No

Is the Water Utility located in an ADWR Active Management Area (AMA)?
☐ Yes ☒ No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
☐ Yes ☒ No

If yes, provide the GPCPD amount: N/A

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME:	Payson Water Co., Inc
Name of System:	DEER CREEK ADEQ Public Water System Number: 04-06A

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2010 2011

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	125	430	433	
FEBRUARY	125	360	366	
MARCH	125	361	363	
APRIL	126	459	465	
MAY	125	551	558	
JUNE	126	651	659	
JULY	125	722	729	
AUGUST	126	706	712	
SEPTEMBER	125	653	657	
OCTOBER	126	535	540	
NOVEMBER	125	470	477	
DECEMBER	125	369	373	
TOTALS →		6272	6327	8

What is the level of arsenic for each well on your system? .0050 mg/l
(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? N/A GPM for hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?
☒ Yes ☐ No

Is the Water Utility located in an ADWR Active Management Area (AMA)?
☐ Yes ☒ No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
☐ Yes ☒ No

If yes, provide the GPCPD amount: N/A

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME:	Payson Water Co., Inc
Name of System: <u>MEADS RANET</u>	ADEQ Public Water System Number: <u>01-015</u>

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2010

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	69	27	28	
FEBRUARY	69	25	27	
MARCH	69	23	25	
APRIL	69	30	33	
MAY	69	68	71	
JUNE	69	117	121	
JULY	69	103	107	
AUGUST	69	83	87	
SEPTEMBER	69	66	69	
OCTOBER	69	64	67	
NOVEMBER	69	133	136	
DECEMBER	69	40	43	
TOTALS →		784	807	0

What is the level of arsenic for each well on your system? .0013 mg/l
(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? N/A GPM for _____ hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?
☒ Yes ☐ No

Is the Water Utility located in an ADWR Active Management Area (AMA)?
☐ Yes ☒ No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
☐ Yes ☒ No

If yes, provide the GPCPD amount: N/A

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME:	Payson Water Co., Inc
Name of System:	WHISPERS PINES ADEQ Public Water System Number: 04-039

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2010

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	154	328	333	
FEBRUARY	153	284	286	
MARCH	152	210	214	
APRIL	152	247	251	
MAY	150	374	378	
JUNE	150	509	513	
JULY	153	562	570	
AUGUST	153	615	619	
SEPTEMBER	152	473	479	
OCTOBER	151	437	441	
NOVEMBER	151	263	268	
DECEMBER	150	254	259	
TOTALS →		4562	4602	0

What is the level of arsenic for each well on your system? 1003 mg/l
(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? N/A GPM for hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?
(☒) Yes (☐) No

Is the Water Utility located in an ADWR Active Management Area (AMA)?
(☐) Yes (☒) No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
(☐) Yes (☒) No

If yes, provide the GPCPD amount: N/A

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME:	Payson Water Co., Inc
Name of System: <u>Flowing Springs</u>	ADEQ Public Water System Number: <u>04-027</u>

2011

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2010

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	28	83	85	
FEBRUARY	28	127	128	
MARCH	28	49	51	
APRIL	28	49	52	
MAY	27	97	100	
JUNE	27	139	146	
JULY	27	142	144	
AUGUST	28	158	161	
SEPTEMBER	28	133	136	
OCTOBER	28	116	119	
NOVEMBER	28	61	63	
DECEMBER	29	62	64	
TOTALS →		1220	1233	0

What is the level of arsenic for each well on your system? 1003 mg/l
(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? N/A GPM for ____ hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?
(☒) Yes () No

Is the Water Utility located in an ADWR Active Management Area (AMA)?
() Yes (☒) No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
() Yes (☒) No

If yes, provide the GPCPD amount: N/A

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME:	Payson Water Co., Inc
Name of System:	GERONIMO ESTATESADEQ Public Water System Number: 04-020

UTILITY SHUTOFFS / DISCONNECTS

MONTH	Termination without Notice R14-2-410.B	Termination with Notice R14-2-410.C	OTHER
JANUARY		0	
FEBRUARY		1	
MARCH		0	
APRIL		2	
MAY		1	
JUNE		1	
JULY		0	
AUGUST		3	
SEPTEMBER		1	
OCTOBER		2	
NOVEMBER		0	
DECEMBER		1	
TOTALS →	0	12	0

OTHER (description):

COMPANY NAME:	Payson Water Co., Inc
Name of System: <i>EAST VERDE ESTATE</i>	DEQ Public Water System Number: <i>04-026</i>

UTILITY SHUTOFFS / DISCONNECTS

MONTH	Termination without Notice R14-2-410.B	Termination with Notice R14-2-410.C	OTHER
JANUARY		1	
FEBRUARY		0	
MARCH		0	
APRIL		1	
MAY		2	
JUNE		1	
JULY		2	
AUGUST		1	
SEPTEMBER		6	
OCTOBER		1	
NOVEMBER		0	
DECEMBER		0	
TOTALS →	<i>6</i>	<i>9</i>	<i>0</i>

OTHER (description):

COMPANY NAME:	Payson Water Co., Inc		
Name of System:	STAR VALLEY	ADEQ Public Water System Number:	CA-037

UTILITY SHUTOFFS / DISCONNECTS

MONTH	Termination without Notice R14-2-410.B	Termination with Notice R14-2-410.C	OTHER
JANUARY		1	
FEBRUARY		2	
MARCH		2	
APRIL		1	
MAY		3	
JUNE		2	
JULY		1	
AUGUST		2	
SEPTEMBER		1	
OCTOBER		1	
NOVEMBER		2	
DECEMBER		3	
TOTALS →		22	0

OTHER (description):

COMPANY NAME:	Payson Water Co., Inc
Name of System: <i>DEER CREEK</i>	ADEQ Public Water System Number: <i>04-064</i>

UTILITY SHUTOFFS / DISCONNECTS

MONTH	Termination without Notice R14-2-410.B	Termination with Notice R14-2-410.C	OTHER
JANUARY		1	
FEBRUARY		0	
MARCH		0	
APRIL		1	
MAY		2	
JUNE		1	
JULY		1	
AUGUST		2	
SEPTEMBER		0	
OCTOBER		1	
NOVEMBER		1	
DECEMBER		1	
TOTALS →		11	0

OTHER (description):

COMPANY NAME:	Payson Water Co., Inc
Name of System:	ADEQ Public Water System Number: 04-030

UTILITY SHUTOFFS / DISCONNECTS

MONTH	Termination without Notice R14-2-410.B	Termination with Notice R14-2-410.C	OTHER
JANUARY		0	
FEBRUARY		0	
MARCH		1	
APRIL		3	
MAY		2	
JUNE		6	
JULY		7	
AUGUST		4	
SEPTEMBER		2	
OCTOBER		1	
NOVEMBER		2	
DECEMBER		1	
TOTALS →	0	29	0

OTHER (description):

COMPANY NAME:	Payson Water Co., Inc
Name of System:	MENDS RANCH ADEQ Public Water System Number: 04-215

UTILITY SHUTOFFS / DISCONNECTS

MONTH	Termination without Notice R14-2-410.B	Termination with Notice R14-2-410.C	OTHER
JANUARY		0	
FEBRUARY		0	
MARCH		0	
APRIL		1	
MAY		1	
JUNE		2	
JULY		0	
AUGUST		1	
SEPTEMBER		1	
OCTOBER		2	
NOVEMBER		0	
DECEMBER		0	
TOTALS →	5	8	5

OTHER (description):

COMPANY NAME:	Payson Water Co., Inc
Name of System:	WHISPERING PINES ADEQ Public Water System Number: 04-039

UTILITY SHUTOFFS / DISCONNECTS

MONTH	Termination without Notice R14-2-410.B	Termination with Notice R14-2-410.C	OTHER
JANUARY		1	
FEBRUARY		0	
MARCH		2	
APRIL		1	
MAY		1	
JUNE		3	
JULY		2	
AUGUST		1	
SEPTEMBER		0	
OCTOBER		1	
NOVEMBER		2	
DECEMBER		2	
TOTALS →	0	16	0

OTHER (description):

COMPANY NAME:	Payson Water Co., Inc
Name of System:	Flowing Springs ADEQ Public Water System Number: 04-027

UTILITY SHUTOFFS / DISCONNECTS

MONTH	Termination without Notice R14-2-410.B	Termination with Notice R14-2-410.C	OTHER
JANUARY		0	
FEBRUARY		0	
MARCH		0	
APRIL		1	
MAY		2	
JUNE		1	
JULY		0	
AUGUST		2	
SEPTEMBER		1	
OCTOBER		1	
NOVEMBER		0	
DECEMBER		0	
TOTALS →	0	8	0

OTHER (description):

COMPANY NAME:	Payson Water Co., Inc	
Name of System:	GSELA	ADEQ Public Water System Number: 04-036

UTILITY SHUTOFFS / DISCONNECTS

MONTH	Termination without Notice R14-2-410.B	Termination with Notice R14-2-410.C	OTHER
JANUARY		0	
FEBRUARY		1	
MARCH		0	
APRIL		2	
MAY		1	
JUNE		3	
JULY		2	
AUGUST		1	
SEPTEMBER		3	
OCTOBER		1	
NOVEMBER		0	
DECEMBER		2	
TOTALS →	0	16	0

OTHER (description):

COMPANY NAME Payson Water Co. YEAR ENDING 12/31/²⁰¹¹~~2010~~

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year ²⁰¹¹~~2010~~ was: \$ 36,610.06

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

**VERIFICATION
AND
SWORN STATEMENT**
Taxes

RECEIVED
APR 16 2012
ACC UTILITIES DIRECTOR

VERIFICATION

STATE OF CA
I, THE UNDERSIGNED
OF THE

COUNTY OF (COUNTY NAME) <u>LEWIS</u>
NAME (OWNER OR OFFICIAL) TITLE <u>Robert T. Harpcastle</u>
COMPANY NAME <u>Physion Water Co.</u>

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

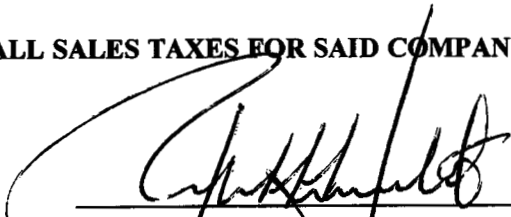
MONTH 12	DAY 31	YEAR 2010 <u>2011</u>
-------------	-----------	--------------------------

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.



SIGNATURE OF OWNER OR OFFICIAL
661 633 7526

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS **DAY OF**

(SEAL)

MY COMMISSION EXPIRES _____

COUNTY NAME	
<u>See attached</u>	.20__

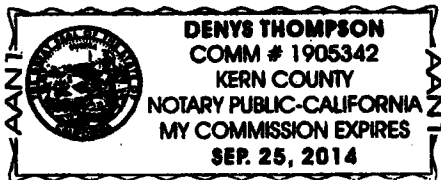
SIGNATURE OF NOTARY PUBLIC

Jurat

State of California

County of Kern

Subscribed and sworn to (or affirmed) before me on this 13th day of April, 2012, by Robert T. Hardcastle, proved to me on the basis of satisfactory evidence to be the person who appeared before me.



COMPANY NAME

Payson Water Co.

YEAR ENDING 12/31/2010²⁰¹¹INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported
Estimated or Actual Federal Tax Liability

0

State Taxable Income Reported
Estimated or Actual State Tax Liability

0

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances
Amount of Gross-Up Tax Collected
Total Grossed-Up Contributions/Advances

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

SIGNATURE

DATE

PRINTED NAME

TITLE

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

RECEIVED
APR 16 2012
ACC UTILITIES DIRECTOR

VERIFICATION

STATE OF CA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) <u>LEARN</u>
NAME (OWNER OR OFFICIAL) TITLE <u>ROBERT T. Hordcastle</u>
COMPANY NAME <u>Payson Water Co.</u>

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2010 <u>2011</u>

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

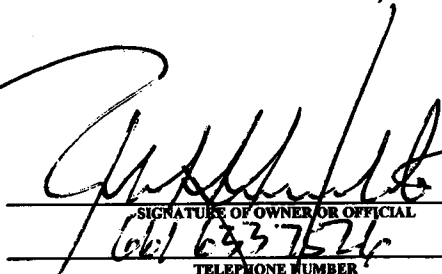
IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2010 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 536,614

(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 29,575
IN SALES TAXES BILLED, OR COLLECTED)

****REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**



SIGNATURE OF OWNER OR OFFICIAL
(602) 623-7526

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

DAY OF

MONTH

20__

(SEAL)

MY COMMISSION EXPIRES

SIGNATURE OF NOTARY PUBLIC

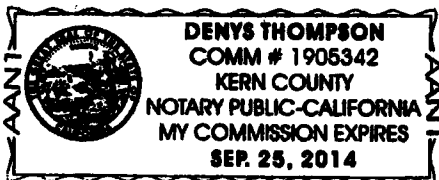
*All attached
4/13/2012*

Jurat

State of California

County of Kern

Subscribed and sworn to (or affirmed) before me on this 13th day of April, 2012, by Robert T. Hardcastle, proved to me on the basis of satisfactory evidence to be the person who appeared before me.



**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
Intrastate Revenues Only**

RECEIVED
APR 16 2012
ACC UTILITIES DIRECTOR

VERIFICATION

STATE OF ^{CA} ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) <u>KEVIN</u>	
NAME (OWNER OR OFFICIAL) <u>Physon Water Co.</u>	TITLE <u>President</u>
COMPANY NAME <u>Robert T. Hardcastle</u>	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2010-2011

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

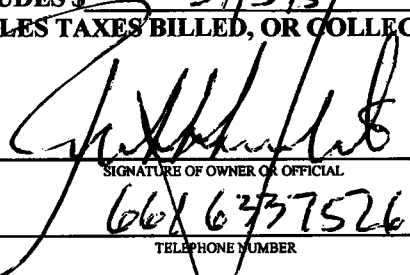
SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2010 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES \$ <u>536,614</u>
--

THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 39,575
IN SALES TAXES BILLED, OR COLLECTED)

*RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.


SIGNATURE OF OWNER OR OFFICIAL
661 633 7526
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

DAY OF

(SEAL)

MY COMMISSION EXPIRES

NOTARY PUBLIC NAME	
COUNTY NAME	
MONTH	.20

SIGNATURE OF NOTARY PUBLIC

Jurat

State of California

County of Kern

Subscribed and sworn to (or affirmed) before me on this 13th day of April, 2012, by Robert T. Hardcastle, proved to me on the basis of satisfactory evidence to be the person who appeared before me.

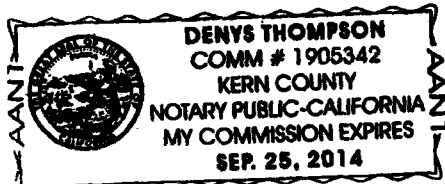


Exhibit P

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

W-03514A
Payson Water Co., Inc.
P.O. Box 82218
Bakersfield, CA 93380

RECEIVED

APR 16 2013

ACC UTILITIES DIRECTOR

ANNUAL REPORT
Water

FOR YEAR ENDING

12	31	2012
----	----	------

FOR COMMISSION USE

ANN 04	12
--------	----

4-18-13

COMPANY INFORMATION

Company Name (Business Name) <u>Payson Water Co., Inc.</u>		
Mailing Address <u>P.O. Box 82218</u>		
<u>Bakersfield</u> (City)	<u>CA</u> (State)	<u>93380</u> (Zip)
<u>(661) 633-7526</u>	<u>(855) 672-5057</u>	
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Cell No. (Include Area Code)
Email Address <u>customerservicecenter@brookeutilities.com</u>		
Local Office Mailing Address <u>1011 So. Stover Rd.</u>		
<u>Payson</u> (City)	<u>AZ</u> (State)	<u>85541</u> (Zip)
<u>(928) 474-8130</u>	<u>(928) 661-2527</u>	
Local Office Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Cell No. (Include Area Code)
Email Address <u>customerservicecenter@brookeutilities.com</u>		

MANAGEMENT INFORMATION

<input type="checkbox"/> Regulatory Contact:			
<input checked="" type="checkbox"/> Management Contact: <u>Robert T. Hardcastle</u> <u>President</u>			
<u>P.O. Box 82218</u> (Street)	<u>Bakersfield</u> (City)	<u>CA</u> (State)	<u>93380</u> (Zip)
<u>(661) 633-7526</u>	<u>(855) 672-5057</u>		
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Cell No. (Include Area Code)	
Email Address <u>RTH@brookeutilities.com</u>			
On Site Manager: <u>David Allred</u>			
<u>1011 So. Stover Rd.</u> (Street)	<u>Payson</u> (City)	<u>AZ</u> (State)	<u>93380</u> (Zip)
<u>(928) 474-8130</u>	<u>(928) 661-2527</u>		
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Cell No. (Include Area Code)	
Email Address _____			

Statutory Agent: Robert T. Hardcastle

(Name)

P.O. Box 82218

Bakersfield

CA

93380

(Street)

(City)

(State)

(Zip)

(661) 633-7526

(855) 672-5057

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Cell No. (Include Area Code)

Attorney: Jay Shapiro at Fennemore Craig

(Name)

2394 Camelback Rd., Suite 600

Phoenix

AZ

85016

(Street)

(City)

(State)

(Zip)

(602) 916-5000

(602) 916-5920

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Cell No. (Include Area Code)

Email Address _____

OWNERSHIP INFORMATION

Check the following box that applies to your company:

☐ **Sole Proprietor (S)**

☒ **C Corporation (C) (Other than Association/Co-op)**

☐ **Partnership (P)**

☐ **Subchapter S Corporation (Z)**

☐ **Bankruptcy (B)**

☐ **Association/Co-op (A)**

☐ **Receivership (R)**

☐ **Limited Liability Company**

☐ **Other (Describe)** _____

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

☐ **APACHE**

☐ **COCHISE**

☐ **COCONINO**

☒ **GILA**

☐ **GRAHAM**

☐ **GREENLEE**

☐ **LA PAZ**

☐ **MARICOPA**

☐ **MOHAVE**

☐ **NAVAJO**

☐ **PIMA**

☐ **PINAL**

☐ **SANTA CRUZ**

☐ **YAVAPAI**

☐ **YUMA**

☐ **STATEWIDE**

COMPANY NAME

Payson Water Co., Inc

12/31/2012

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization	221	220	1
302	Franchises			
303	Land and Land Rights	16,500	12,506	3,994
304	Structures and Improvements	300,078	126,046	174,032
307	Wells and Springs	273,013	211,990	61,023
311	Pumping Equipment	217,608	104,023	113,585
320	Water Treatment Equipment	10,567	5,275	5,292
330	Distribution Reservoirs and Standpipes	273,800	169,524	104,276
331	Transmission and Distribution Mains	439,972	353,201	86,771
333	Services	81,823	70,267	11,556
334	Meters and Meter Installations	199,952	101,964	97,988
335	Hydrants	1,171	581	590
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment	320,820	258,709	62,111
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment	8,310	2,475	5,835
346	Communication Equipment	9,267	2,154	7,113
347	Miscellaneous Equipment			
348	Other Tangible Plant	6,285	579	5,127
	TOTALS	2,159,387	1,419,514	739,873

This amount goes on the Balance Sheet Acct. No. 108

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization	221	2.67%	6
302	Franchises			
303	Land and Land Rights	16,500	2.84%	469
304	Structures and Improvements	300,078	2.90%	8,702
307	Wells and Springs	273,013	2.88%	7,863
311	Pumping Equipment	217,608	2.70%	5,875
320	Water Treatment Equipment	10,567	2.71%	286
330	Distribution Reservoirs and Standpipes	273,800	2.84%	7,775
331	Transmission and Distribution Mains	439,972	2.86%	12,583
333	Services	81,823	2.86%	2,340
334	Meters and Meter Installations	199,952	2.81%	5,619
335	Hydrants	1,171	2.89%	34
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment	320,820	2.87%	9,208
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment	8,310	2.87%	238
346	Communication Equipment	9,267	2.74%	254
347	Miscellaneous Equipment			
348	Other Tangible Plant	6,285	2.80%	176
	TOTALS	2,159,387	2.84%	61,428

This amount goes on the Comparative Statement of Income and Expense
Acct. No. 403.



BALANCE SHEET

Acct No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	ASSETS		
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$	\$
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable		
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets	(542)	
	TOTAL CURRENT AND ACCRUED ASSETS	\$ (542)	\$
	FIXED ASSETS		
101	Utility Plant in Service	\$ 2,726,138	\$ 2,159,387
103	Property Held for Future Use		
105	Construction Work in Progress	174,380	
108	Accumulated Depreciation – Utility Plant	(1,819,610)	(1,419,514)
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	TOTAL FIXED ASSETS	\$ 1,080,908	\$ 739,873
	TOTAL ASSETS	\$ 1,080,367	\$ 739,873

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 474,116	\$ 386,877
460	Unmetered Water Revenue		
474	Other Water Revenues	22,923	8,031
	TOTAL REVENUES	\$ 497,039	\$ 394,908
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 56,886	\$ 55,688
610	Purchased Water	46,604	51,953
615	Purchased Power	60,782	56,482
618	Chemicals		
620	Repairs and Maintenance	22,692	27,774
621	Office Supplies and Expense		
630	Outside Services	48,621	67,734
635	Water Testing	17,916	11,000
641	Rents		
650	Transportation Expenses		
657	Insurance – General Liability		
659	Insurance - Health and Life	2,614	266
666	Regulatory Commission Expense – Rate Case		
675	Miscellaneous Expense	231,299	249,525
403	Depreciation Expense	77,458	61,428
408	Taxes Other Than Income		
408.11	Property Taxes	24,892	11,127
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 589,764	\$ 592,977
	OPERATING INCOME/(LOSS)	\$ (92,725)	\$ (198,069)
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		771,571
426	Miscellaneous Non-Utility Expenses	(650)	
427	Interest Expense	(10)	(14)
	TOTAL OTHER INCOME/(EXPENSE)	\$ (660)	\$ 771,557
	NET INCOME/(LOSS)	\$ (93,384)	\$ 573,488

COMPANY NAME	Payson Water Co., Inc.
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SUPPLEMENTAL FINANCIAL DATA
Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued				
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$	\$	\$	\$
Amount Outstanding	\$	\$	\$	\$
Date of Maturity				
Interest Rate	%	%	%	%
Current Year Interest	\$	\$	\$	\$
Current Year Principle	\$	\$	\$	\$

Meter Deposit Balance at Test Year End	<u>\$ 10,192.00</u>
Meter Deposits Refunded During the Test Year	<u>\$ 8,613.90</u>

Payson Water Company

Balance Sheet Account Reconciliation

Account 2500.21 - Refundable Meter Deposit

December 31st, 2012

Location ID	Zone ID	Original Deposit Amount	Deposit Date	31/DEC/2011 Outstanding Amount	Additions (New Deposits)	Deletions 2012 Refund	Outstanding Amount
58539	13-SQV	\$550.00	01/10/2006	\$275.00	\$110.00	(\$275.00)	\$110.00
60716	13-TCS	\$430.00	04/15/2002	\$43.00	\$0.00	(\$43.00)	\$0.00
62927	13-GE/EA	\$430.00	11/07/2001	\$0.00	\$0.00	\$0.00	\$0.00
63171	13-SQV	\$430.00	02/01/2002	\$43.00	\$0.00	(\$43.00)	\$0.00
63182	13-EVP	\$430.00	09/25/2006	\$215.00	\$86.00	(\$129.00)	\$172.00
63210	13-SQV	\$550.00	05/04/2006	\$275.00	\$110.00	(\$275.00)	\$110.00
63310	13-SQV	\$99.00	03/14/2002	\$9.90	\$0.00	(\$9.90)	\$0.00
63348	13-TCS	\$550.00	03/23/2002	\$110.00	\$55.00	(\$110.00)	\$55.00
63451	13-TCS	\$430.00	05/20/2002	\$43.00	\$0.00	(\$43.00)	\$0.00
63656	13-GE/EA	\$430.00	09/19/2006	\$215.00	\$86.00	(\$129.00)	\$172.00
63725	13-DC	\$480.00	06/24/2002	\$96.00	\$0.00	(\$96.00)	\$0.00
63848	13-WP	\$550.00	09/18/2002	\$55.00	\$0.00	(\$55.00)	\$0.00
63858	13-SQV	\$550.00	08/20/2002	\$55.00	\$0.00	(\$55.00)	\$0.00
64258	13-SQV	\$430.00	12/04/2002	\$86.00	\$0.00	(\$86.00)	\$0.00
64465	13-EVP	\$430.00	09/07/2006	\$430.00	\$0.00	\$0.00	\$430.00
64616	13-SQV	\$430.00	03/19/2003	\$86.00	\$0.00	(\$86.00)	\$0.00
64805	13-SQV	\$430.00	05/19/2003	\$86.00	\$43.00	(\$86.00)	\$43.00
65027	13-WP	\$430.00	07/31/2003	\$129.00	\$0.00	\$0.00	\$129.00
65042	13-SQV	\$430.00	09/23/2003	\$301.00	\$0.00	(\$301.00)	\$0.00
65043	13-SQV	\$430.00	09/23/2003	\$301.00	\$0.00	(\$301.00)	\$0.00
65222	13-TCS	\$430.00	10/01/2003	\$301.00	\$0.00	\$0.00	\$301.00
65293	13-SQV	\$775.00	11/06/2003	\$465.00	\$0.00	(\$465.00)	\$0.00
65833	13-SQV	\$430.00	04/19/2004	\$129.00	\$86.00	(\$129.00)	\$86.00
66045	13-GE/EA	\$430.00	06/29/2004	\$129.00	\$43.00	(\$86.00)	\$86.00
66070	13-SQV	\$550.00	07/01/2004	\$165.00	\$110.00	(\$165.00)	\$110.00
66135	13-SQV	\$430.00	07/29/2004	\$387.00	\$0.00	(\$387.00)	\$0.00
66445	13-DC	\$430.00	10/05/2004	\$129.00	\$86.00	(\$129.00)	\$86.00
66515	13-SQV	\$430.00	10/26/2004	\$129.00	\$86.00	(\$129.00)	\$86.00
67122	13-DC	\$430.00	04/26/2005	\$172.00	\$86.00	(\$129.00)	\$129.00
67140	13-SQV	\$430.00	04/26/2005	\$172.00	\$86.00	(\$172.00)	\$86.00
67253	13-SQV	\$430.00	05/27/2005	\$172.00	\$86.00	(\$172.00)	\$86.00
67582	13-WP	\$430.00	08/01/2005	\$387.00	\$0.00	\$0.00	\$387.00
67754	13-MDC	\$430.00	09/29/2005	\$172.00	\$86.00	(\$129.00)	\$129.00
67755	13-MDC	\$430.00	09/29/2005	\$172.00	\$86.00	(\$129.00)	\$129.00
67847	13-WP	\$430.00	10/07/2005	\$301.00	\$0.00	\$0.00	\$301.00
68172	13-DC	\$480.00	01/25/2006	\$240.00	\$96.00	(\$144.00)	\$192.00
68331	13-SQV	\$550.00	03/03/2006	\$275.00	\$110.00	(\$275.00)	\$110.00
68472	13-SQV	\$430.00	07/20/2001	\$0.00	\$0.00	\$0.00	\$0.00
68542	13-SQV	\$430.00	05/23/2006	\$215.00	\$86.00	(\$215.00)	\$86.00
68587	13-TCS	\$430.00	06/27/2006	\$215.00	\$86.00	(\$129.00)	\$172.00
68603	13-GE/EA	\$430.00	06/19/2006	\$215.00	\$86.00	(\$129.00)	\$172.00
68619	13-DC	\$430.00	06/19/2006	\$215.00	\$86.00	(\$129.00)	\$172.00
68653	13-SQV	\$430.00	06/14/2005	\$172.00	\$86.00	(\$172.00)	\$86.00
68698	13-WP	\$430.00	07/24/2006	\$215.00	\$86.00	(\$129.00)	\$172.00
68817	13-TCS	\$430.00	08/31/2006	\$215.00	\$0.00	\$0.00	\$215.00
68825	13-GE/EA	\$430.00	09/19/2006	\$215.00	\$86.00	(\$129.00)	\$172.00
68826	13-GE/EA	\$430.00	03/01/2007	\$258.00	\$86.00	(\$129.00)	\$215.00
68856	13-SQV	\$550.00	09/07/2006	\$385.00	\$110.00	(\$385.00)	\$110.00
69158	13-MDC	\$430.00	08/10/2005	\$172.00	\$0.00	\$0.00	\$172.00
69159	13-DC	\$430.00	01/18/2007	\$258.00	\$86.00	(\$129.00)	\$215.00
69749	13-WP	\$430.00	10/04/2007	\$258.00	\$86.00	(\$129.00)	\$215.00
70025	13-EVP	\$430.00	05/02/2008	\$430.00	\$0.00	\$0.00	\$430.00
70074	13-TCS	\$430.00	07/23/2008	\$387.00	\$0.00	\$0.00	\$387.00
70099	13-SQV	\$430.00	10/03/2008	\$344.00	\$86.00	(\$344.00)	\$86.00
70134	13-TCS	\$430.00	02/19/2009	\$387.00	\$86.00	(\$129.00)	\$344.00
70139	13-FS	\$430.00	04/20/2009	\$387.00	\$86.00	(\$129.00)	\$344.00
70151	13-EVP	\$430.00	06/16/2009	\$387.00	\$86.00	(\$129.00)	\$344.00
70153	13-EVP	\$430.00	06/16/2009	\$387.00	\$86.00	(\$129.00)	\$344.00
70165	13-DC	\$480.00	06/26/2009	\$432.00	\$96.00	(\$144.00)	\$384.00
70190	13-SQV	\$550.00	02/17/2010	\$495.00	\$110.00	(\$495.00)	\$110.00
70201	13-SQV	\$550.00	05/12/2010	\$495.00	\$0.00	(\$495.00)	\$0.00
70260	13-TCS	\$430.00	06/23/2011	\$430.00	\$0.00	\$0.00	\$430.00
70268	13-FS	\$430.00	09/14/2011	\$430.00	\$0.00	\$0.00	\$430.00
70271	13-MDC	\$430.00	09/14/2011	\$430.00	\$0.00	\$0.00	\$430.00
70323	13-MDC	\$430.00	11/2/2012	\$0.00	\$483.00	(\$53.00)	\$430.00
		\$29,314.00		\$15,179.90	\$3,626.00	(\$8,613.90)	\$10,192.00

COMPANY NAME	Payson Water Co., Inc.		
Name of System:	Geronimo Estates	ADEQ Public Water System Number:	PWS 04-028

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-621336	1	5.5	160	6	5/8X3/4	1965
55-515318	2	15	150	6	5/8X3/4	1986
55-631114	1	6	160	6	1	1965

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
none		

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
5	3	none	
3	1		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
15,000	2	500	1
		120	3

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME	Payson Water Co., Inc.		
Name of System:	Geronimo Estates	ADEQ Public Water System Number:	PWS 04-028

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS		
Size (in inches)	Material	Length (in feet)
2	PVC	1631
3	PVC	2268
4	ACP	6794
5		
6		
8		
10		
12		

CUSTOMER METERS	
Size (in inches)	Quantity
5/8 X 3/4	83
3/4	
1	
1 1/2	
2	
Comp. 3	
Turbo 3	
Comp. 4	
Turbo 4	
Comp. 6	
Turbo 6	

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:

2- pellet chlorinators

STRUCTURES:

284 ft. of 6 ft. chain link security fence

1- 10X12 wood building

OTHER:

2- T100GS remote tank monitoring devices

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME	Payson Water Co., Inc.		
Name of System:	Deer Creek	ADEQ Public Water System Number:	PWS 04-06 4

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-086809	5	24	260	6	1	1981
55-512278	1	8	260	6	5/8X3/4	1985

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
none		

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
7.5	2	none	
3	1		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
125,000	1	5000	1
		120	1

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME	Payson Water Co., Inc.		
Name of System:	Deer Creek	ADEQ Public Water System Number:	PWS 04-064

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS		
Size (in inches)	Material	Length (in feet)
2	PVC	385
3		
4	PVC	18368
5		
6	PVC	645
8		
10		
12		

CUSTOMER METERS	
Size (in inches)	Quantity
5/8 X 3/4	115
3/4	2
1	1
1 1/2	
2	
Comp. 3	
Turbo 3	3
Comp. 4	
Turbo 4	
Comp. 6	
Turbo 6	

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:

1- pellet chlorinators

STRUCTURES:

846 ft. of 6 ft. chain link security fence

1- 17X30 wood building

1- 7X8 wood building

OTHER:

1- T100GS remote tank monitoring devices

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME	Payson Water Co., Inc.		
Name of System:	Meads Ranch	ADEQ Public Water System Number:	PWS 04-015

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-644405	5	5	160	20	5/8X3/4	1965

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
none		

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
5	1	none	
3	1		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
10,000	2	80	1

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME	Payson Water Co., Inc.		
Name of System:	Meads Ranch	ADEQ Public Water System Number:	PWS 04-015

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS		
Size (in inches)	Material	Length (in feet)
2	PVC	4480
3	PVC	2519
4		
5		
6		
8		
10		
12		

CUSTOMER METERS	
Size (in inches)	Quantity
5/8 X 3/4	69
3/4	
1	
1 1/2	
2	
Comp. 3	
Turbo 3	
Comp. 4	
Turbo 4	
Comp. 6	
Turbo 6	

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:

1- pellet chlorinators

STRUCTURES:

1- 20X8 wood building

OTHER:

1- T100GS remote tank monitoring devices

1- T100G remote tank monitoring device

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME	Payson Water Co., Inc.		
Name of System:	Whispering Pines	ADEQ Public Water System Number:	PWS 04-039

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-621333	1	17	86	6	1	1965
55-621334	2	28	50	6/7.5	1	1960

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
none		

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
7.5	4	none	

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
20,000	2	2000	3
		1000	1

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME	Payson Water Co., Inc.		
Name of System:	Whispering Pines	ADEQ Public Water System Number:	PWS 04-039

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2	PVC,GIP	9113
3	PVC	5262
4	ACP,PVC	18866/42
5		
6		
8		
10		
12		

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	145
3/4	
1	1
1 1/2	
2	
Comp. 3	
Turbo 3	
Comp. 4	
Turbo 4	
Comp. 6	
Turbo 6	

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:

1- pellet chlorinators

STRUCTURES:

OTHER:

1- T100GS remote tank monitoring devices

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME	Payson Water Co., Inc.		
Name of System:	Flowing Springs	ADEQ Public Water System Number:	PWS 04-027

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-631115	1	10	150	6	5/8X3/4	1950

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
none		

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
5	1	none	

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
15,000	1		
		1000	1

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME	Payson Water Co., Inc.		
Name of System:	Flowing Springs	ADEQ Public Water System Number:	PWS 04-027

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS		
Size (in inches)	Material	Length (in feet)
2	PVC	11638
3		
4	PVC	4010
5		
6		
8		
10		
12		

CUSTOMER METERS	
Size (in inches)	Quantity
5/8 X 3/4	29
3/4	
1	
1 1/2	
2	
Comp. 3	
Turbo 3	
Comp. 4	
Turbo 4	
Comp. 6	
Turbo 6	

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:

92 ft of 6 ft chain link security fence	

STRUCTURES:

OTHER:

1- T100GS remote tank monitoring devices	

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME	Payson Water Co., Inc.		
Name of System:	Gisela/TCS	ADEQ Public Water System Number:	PWS 04-346

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-646162	5	92	50	12	2	1971

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
none		

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
7.5	4	none	

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
30,000	1	500	1
50,000	1	1000	1
		2000	1

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME	Payson Water Co., Inc.		
Name of System:	Gisela/TCS	ADEQ Public Water System Number:	PWS 04-346

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2		
3	PVC	366
4	PVC	9611
5		
6	PVC	7855
8		
10		
12		

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	159
3/4	
1	3
1 1/2	
2	
Comp. 3	
Turbo 3	
Comp. 4	
Turbo 4	
Comp. 6	
Turbo 6	

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:

410 ft of 6 ft chain link security fence	

STRUCTURES:

OTHER:

1- T100GS remote tank monitoring devices	

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME	Payson Water Co., Inc.
Name of System:	Star Valley/Quail Valley ADEQ Public Water System Number: PWS 04-037

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-501381	2	7	105	6	none	1981
55-605247	2	22	30	8	1	1960
55-519703	1	20	30	6	5/8X3/4	1987
55-538696	1.5	2	300	6	1	1993
55-548773	15	140	240	8/6	3	1995

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
none		

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
7.5	3	25	
60	1		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
15,000 not is use	1		
20,000/30,000	1 each	1000	1 not in use
160,000	1	2000	2

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME	Payson Water Co., Inc.
Name of System: Star Valley/Quail ValleyADEQ Public Water System Number:	PWS 04-037

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2	PVC,GIP	2255
3		
4	ACP,C900	9133
5		
6	ACP,C900	16690
8	C900	12659
10		
12		

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	322
3/4	2
1	60
1 1/2	1
2	
Comp. 3	
Turbo 3	
Comp. 4	
Turbo 4	
Comp. 6	
Turbo 6	

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:

2- pelley chlorinator

STRUCTURES:

655 ft. of 6 ft. chain link security fence

332 sq. ft. wood frame building

80 sq. ft. wood frame building

150 sq. ft. wood frame building

36 sq. ft. wood frame building

OTHER:

2- T100GS remote tank monitoring devices

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME	Payson Water Co., Inc.
Name of System:	East Verde Park EstatesADEQ Public Water System Number: PWS 04-026

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-621332	1	7	80	8	5/8X3/4	1958
55-661335	1	1.2	40	8	5/8X3/4	1955
55-518599	8	8	100	8	1	1957

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
 		
Town of Payson	UNKNOWN	SEE ATTACHED

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
7.5	1	none	

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
40,000	1		
		2000	2

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME	Payson Water Co., Inc.
Name of System: East Verde Park Estates	ADEQ Public Water System Number: PWS 04-026

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2	GIP	5992
3		
4	ACP	27311
5		
6		
8		
10		
12		

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	139
3/4	1
1	
1 1/2	
2	
Comp. 3	
Turbo 3	
Comp. 4	
Turbo 4	
Comp. 6	
Turbo 6	

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:

1- pelley chlorinator

STRUCTURES:

128 ft. of 6 ft. chain link security fence

OTHER:

1- T100GS remote tank monitoring devices

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME	Payson Water Co., Inc.		
Name of System:	Mesa del Caballo	ADEQ Public Water System Number:	PWS 04-030

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-631113	5	4	104	6	5/8X3/4	1977
55-500270	3	2.2	450	6	5/8X3/4	1981
55-801698	2	0	100	6	5/8X3/4	1984
55-513409	1	3	395	6	5/8X3/4	1986
55-556148	2	8.5	400	6	1	1996
55-801699	1	0	80	6	5/8X3/4	1984
* 55-631112	0	0	80	6	5/8X3/4	1985

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
55-588967, 55-560398, 55-585747	4,11,9	see attached
Town of Payson	unknown	see attached

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
7.5	1	none	
5	1		
10	1		
20	1		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
40,000	1		
20,000	1	80	2
15,000	3	2000	4

Note: If you are filing for more than one system, please provide separate sheets for each system.

* Review *
11-19-13

COMPANY NAME	Payson Water Co., Inc.		
Name of System:	Mesa del Caballo	ADEQ Public Water System Number:	PWS 04-030

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-631113	5	4	104	6	5/8X3/4	1977
55-500270	3	2.2	450	6	5/8X3/4	1981
55-801698	2	0	100	6	5/8X3/4	1984
55-513409	1	3	395	6	5/8X3/4	1986
55-556148	2	8.5	400	6	1	1996
55-801699	1	0	80	6	5/8X3/4	1984
* Arizona Department of Water Resources Identification Number	80	6	5/8X3/4	1985		

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
(1) 55-585747, 55-560398, 55-553798	4,11,9	see attached
Town of Payson	unknown	see attached

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
7.5	1	none	
5	1		
10	1		
20	1		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
40,000	1		
20,000	1	80	2
15,000	3	2000	4

Note: If you are filling for more than one system, please provide separate sheets for each system.

(1) Well numbers administratively corrected September 9, 2013

COMPANY NAME Payson Water Co., Inc.

Name of System: Mesa del Caballo

ADEQ Public Water System Number:

PWS 04-030

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2	PVC	738
3	PVC	1422
4	ACP	22,455
5		
6		
8		
10		
12		

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	363
3/4	
1	1
1 1/2	
2	
Comp. 3	
Turbo 3	
Comp. 4	
Turbo 4	
Comp. 6	
Turbo 6	

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:

2- pelley chlorinator

STRUCTURES:

785 ft. of 6 ft. chain link security fence

1- 6X6 wood structure

7- 8X8 concrete block buildings

OTHER:

4- T100GS remote tank monitoring devices

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME: Payson Water Co., Inc.			
Name of System:	Geronimo Estates	ADEQ Public Water System Number:	PWS 04-028

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2012

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	82	42	80	
FEBRUARY	83	78	80	
MARCH	84	90	88	
APRIL	84	98	109	
MAY	83	136	147	
JUNE	80	205	220	
JULY	83	190	214	
AUGUST	83	204	191	
SEPTEMBER	83	115	160	
OCTOBER	83	146	165	
NOVEMBER	83	108	110	
DECEMBER	83	83	101	
TOTALS →		1501	1669	none

What is the level of arsenic for each well on your system? .0048 mg/l
(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? GPM for hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?
☒ (X) Yes ☐ () No

Is the Water Utility located in an ADWR Active Management Area (AMA)?
☐ () Yes ☒ (X) No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
☐ () Yes ☒ (X) No

If yes, provide the GPCPD amount: n/a

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME: Payson Water Co., Inc.		
Name of System: Deer Creek	ADEQ Public Water System Number:	PWS 04-064

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2012

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	123	357	392	
FEBRUARY	123	379	452	
MARCH	124	371	414	
APRIL	124	551	330	
MAY	122	637	753	
JUNE	122	787	868	
JULY	117	738	959	
AUGUST	119	556	628	
SEPTEMBER	119	537	596	
OCTOBER	119	532	639	
NOVEMBER	120	459	510	
DECEMBER	121	496	426	
TOTALS →		6405	6974	none

What is the level of arsenic for each well on your system? .005 mg/l
(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? GPM for hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?
☒ Yes ☐ No

Is the Water Utility located in an ADWR Active Management Area (AMA)?
☐ Yes ☒ No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
☐ Yes ☒ No

If yes, provide the GPCPD amount: n/a

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME: Payson Water Co., Inc.			
Name of System:	Meads Ranch	ADEQ Public Water System Number:	PWS 04-015

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2012

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	69	29	37	
FEBRUARY	69	20	32	
MARCH	69	26	30	
APRIL	69	34	41	
MAY	74	54	62	
JUNE	74	127	135	
JULY	69	108	118	
AUGUST	69	91	112	
SEPTEMBER	69	72	82	
OCTOBER	69	81	90	
NOVEMBER	69	50	58	
DECEMBER	69	40	51	
TOTALS →		747	853	none

What is the level of arsenic for each well on your system? .0013 mg/l
(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? GPM for hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?
☒ Yes ☐ No

Is the Water Utility located in an ADWR Active Management Area (AMA)?
☐ Yes ☒ No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
☐ Yes ☒ No

If yes, provide the GPCPD amount: n/a

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME: Payson Water Co., Inc.	
Name of System: Whispering Pines	ADEQ Public Water System Number: PWS 04-039

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2012

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	151	225	336	
FEBRUARY	151	191	214	
MARCH	151	181	198	
APRIL	151	215	293	
MAY	149	365	382	
JUNE	149	600	791	
JULY	148	933	889	
AUGUST	147	610	607	
SEPTEMBER	147	411	566	
OCTOBER	146	413	540	
NOVEMBER	147	357	376	
DECEMBER	146	243	284	
TOTALS →		4749	5491	none

What is the level of arsenic for each well on your system? .0003 mg/l
(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? GPM for hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?
☒ Yes ☐ No

Is the Water Utility located in an ADWR Active Management Area (AMA)?
☐ Yes ☒ No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
☐ Yes ☒ No

If yes, provide the GPCPD amount: n/a

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME: Payson Water Co., Inc.	
Name of System: Flowing Springs	ADEQ Public Water System Number: PWS 04-027

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2012

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	29	59	63	
FEBRUARY	29	40	41	
MARCH	29	47	51	
APRIL	29	49	52	
MAY	28	86	97	
JUNE	28	181	184	
JULY	27	159	163	
AUGUST	28	127	130	
SEPTEMBER	28	102	110	
OCTOBER	28	126	132	
NOVEMBER	29	56	62	
DECEMBER	29	52	60	
TOTALS →		1089	1139	none

What is the level of arsenic for each well on your system? .003 mg/l
(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? GPM for hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?
☒ Yes ☐ No

Is the Water Utility located in an ADWR Active Management Area (AMA)?
☐ Yes ☒ No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
☐ Yes ☒ No

If yes, provide the GPCPD amount: n/a

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME: Payson Water Co., Inc.		
Name of System: Gisela/TCS	ADEQ Public Water System Number:	PWS 04-346

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2012

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	163	655	563	
FEBRUARY	164	683	668	
MARCH	160	625	566	
APRIL	160	937	818	
MAY	162	1195	1012	
JUNE	162	1789	1524	
JULY	162	1813	1568	
AUGUST	162	1468	1305	
SEPTEMBER	162	1399	1278	
OCTOBER	161	1164	1036	
NOVEMBER	160	943	901	
DECEMBER	162	681	758	
TOTALS →		13357	12002	none

What is the level of arsenic for each well on your system? .0016 mg/l
(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? GPM for hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?
☒ Yes ☐ No

Is the Water Utility located in an ADWR Active Management Area (AMA)?
☐ Yes ☒ No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
☐ Yes ☒ No

If yes, provide the GPCPD amount: n/a

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME: Payson Water Co., Inc.

Name of System: Star Valley/Quail Valley **ADEQ Public Water System Number:** PWS 04-037

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2012

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	365	1515	1740	
FEBRUARY	365	1099	1220	
MARCH	366	1105	1202	
APRIL	366	1677	1774	
MAY				
JUNE				
JULY				
AUGUST				
SEPTEMBER				
OCTOBER				
NOVEMBER				
DECEMBER				
TOTALS →		5,396	5923	none

What is the level of arsenic for each well on your system? .003 mg/l
(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? 1000GPM for 1 hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?
☒ (X) Yes ☐ () No

Is the Water Utility located in an ADWR Active Management Area (AMA)?
☐ () Yes ☒ (X) No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
☐ () Yes ☒ (X) No

If yes, provide the GPCPD amount: n/a

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME: Payson Water Co., Inc.
Name of System: East Verde Park Estates ADEQ Public Water System Number: PWS 04-026

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2012

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	143	179		
FEBRUARY	141	251		
MARCH	141	268		
APRIL	141	311		
MAY	141	369		
JUNE	142	494		74
JULY	141	414		74
AUGUST	140	356		15
SEPTEMBER	141	304		
OCTOBER	141	314		26
NOVEMBER	141	242		18
DECEMBER	140	228		
TOTALS →		3736	5923	207

What is the level of arsenic for each well on your system? .003 mg/l
(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? GPM for hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?
☒ Yes ☐ No

Is the Water Utility located in an ADWR Active Management Area (AMA)?
☐ Yes ☒ No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
☐ Yes ☒ No

If yes, provide the GPCPD amount: n/a

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME: Payson Water Co., Inc.		
Name of System: Mesa del Caballo	ADEQ Public Water System Number:	PWS 04-030

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2012

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	364	1001	1005	
FEBRUARY	361	1010	1170	
MARCH	364	940	977	
APRIL	364	1093	1192	
MAY	361	1125	1187	508
JUNE	362	1279	1226	
JULY	365	1292	1298	
AUGUST	360	1129	1163	
SEPTEMBER	362	1072	1243	2874
OCTOBER	363	1022	1105	12
NOVEMBER	363	951	1003	
DECEMBER	364	1029	1066	10
TOTALS →		12948	13441	3404

What is the level of arsenic for each well on your system? .003 mg/l
(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? GPM for hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?
☒ Yes ☐ No

Is the Water Utility located in an ADWR Active Management Area (AMA)?
☐ Yes ☒ No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
☐ Yes ☒ No

If yes, provide the GPCPD amount: n/a

Note: If you are filing for more than one system, please provide separate data sheets for each system.

	2012 Gallons											
	MdC		MdC		MdC		EVP		EVP		Water	
	Water Purchased	Water Purchased	Water Purchased	Water Purchased	Water Purchased	Water Purchased	Water Purchased	Water Purchased	Water Purchased	Water Purchased	Purchased	Water
	<u>TOP</u>	<u>WSA</u>	<u>Total</u>	<u>TOP</u>	<u>WSA</u>	<u>Total</u>	<u>TOP</u>	<u>WSA</u>	<u>Total</u>	<u>TOP</u>	<u>Total</u>	<u>Total</u>
January	0	0	0	0	0	0	0	0	0	0	0	0
February	0	0	0	0	0	0	0	0	0	0	0	0
March	0	0	0	0	0	0	0	0	0	0	0	0
April	0	0	0	0	0	0	0	0	0	0	0	0
May	51,000	508,000	559,000	0	0	0	0	0	0	0	559,000	559,000
June	286,000	0	286,000	74,000	0	74,000	0	0	74,000	74,000	360,000	360,000
July	163,000	0	163,000	74,000	0	74,000	0	0	74,000	74,000	237,000	237,000
August	47,000	0	47,000	15,000	0	15,000	0	0	15,000	15,000	62,000	62,000
September	0	2,874,000	2,874,000	0	0	0	0	0	0	0	2,874,000	2,874,000
October	42,000	12,470	54,470	26,000	0	26,000	0	0	26,000	26,000	80,470	80,470
November	0	0	0	18,000	0	18,000	0	0	18,000	18,000	18,000	18,000
December	0	10,110	10,110	0	0	0	0	0	0	0	10,110	10,110
Total	589,000	3,404,580	3,993,580	207,000	0	207,000	0	0	207,000	207,000	4,200,580	4,200,580

2012 Gallons										
	MdC	MdC	MdC	MdC	EVP	EVP	EVP	EVP	Water Purchased	Water Purchased
	Water Purchased	Water Purchased	Water Purchased	Water Purchased	Water Purchased	Water Purchased	Water Purchased	Water Purchased	Water Purchased	Water Purchased
	<u>TOP</u>	<u>WSA</u>	<u>Total</u>	<u>TOP</u>	<u>WSA</u>	<u>Total</u>	<u>WSA</u>	<u>Total</u>	<u>Total</u>	<u>Total</u>
January	0	0	0	0	0	0	0	0	0	0
February	0	0	0	0	0	0	0	0	0	0
March	0	0	0	0	0	0	0	0	0	0
April	0	0	0	0	0	0	0	0	0	0
May	51,000	508,000	559,000	0	0	0	0	0	0	559,000
June	286,000	0	286,000	74,000	0	74,000	0	74,000	74,000	360,000
July	163,000	0	163,000	74,000	0	74,000	0	74,000	74,000	237,000
August	47,000	0	47,000	15,000	0	15,000	0	15,000	15,000	62,000
September	0	2,874,000	2,874,000	0	0	0	0	0	0	2,874,000
October	42,000	12,470	54,470	26,000	0	26,000	0	26,000	26,000	80,470
November	0	0	0	18,000	0	18,000	0	18,000	18,000	18,000
December	0	10,110	10,110	0	0	0	0	0	0	10,110
Total	589,000	3,404,580	3,993,580	207,000	0	207,000	0	207,000	4,200,580	

COMPANY NAME: Payson Water Co., Inc.

Name of System: Geronimo Estates **ADEQ Public Water System Number:** PWS 04-028

UTILITY SHUTOFFS / DISCONNECTS

MONTH	Termination without Notice R14-2-410.B	Termination with Notice R14-2-410.C	OTHER
JANUARY		0	
FEBRUARY		1	
MARCH		2	
APRIL		2	
MAY		1	
JUNE		2	
JULY		2	
AUGUST		1	
SEPTEMBER		0	
OCTOBER		1	
NOVEMBER		1	
DECEMBER		1	
TOTALS →	none	14	none

OTHER (description):

COMPANY NAME: Payson Water Co., Inc.

Name of System: Deer Creek

ADEQ Public Water System Number:

PWS 04-064

UTILITY SHUTOFFS / DISCONNECTS

MONTH	Termination without Notice R14-2-410.B	Termination with Notice R14-2-410.C	OTHER
JANUARY		0	
FEBRUARY		1	
MARCH		1	
APRIL		2	
MAY		1	
JUNE		1	
JULY		1	
AUGUST		1	
SEPTEMBER		0	
OCTOBER		1	
NOVEMBER		1	
DECEMBER		1	
TOTALS →	none	11	none

OTHER (description):

COMPANY NAME:	Payson Water Co., Inc.		
Name of System:	Meads Ranch	ADEQ Public Water System Number:	PWS 04-015

UTILITY SHUTOFFS / DISCONNECTS

MONTH	Termination without Notice R14-2-410.B	Termination with Notice R14-2-410.C	OTHER
JANUARY		0	
FEBRUARY		0	
MARCH		0	
APRIL		2	
MAY		0	
JUNE		1	
JULY		0	
AUGUST		1	
SEPTEMBER		0	
OCTOBER		1	
NOVEMBER		0	
DECEMBER		1	
TOTALS →	none	6	none

OTHER (description):

COMPANY NAME:	Payson Water Co., Inc.		
Name of System:	Whispering Pines	ADEQ Public Water System Number:	PWS 04-039

UTILITY SHUTOFFS / DISCONNECTS

MONTH	Termination without Notice R14-2-410.B	Termination with Notice R14-2-410.C	OTHER
JANUARY		2	
FEBRUARY		0	
MARCH		1	
APRIL		2	
MAY		0	
JUNE		2	
JULY		0	
AUGUST		1	
SEPTEMBER		1	
OCTOBER		1	
NOVEMBER		2	
DECEMBER		0	
TOTALS →	none	12	none

OTHER (description):

COMPANY NAME:	Payson Water Co., Inc.		
Name of System:	Flowing Springs	ADEQ Public Water System Number:	PWS 04-027

UTILITY SHUTOFFS / DISCONNECTS

MONTH	Termination without Notice R14-2-410.B	Termination with Notice R14-2-410.C	OTHER
JANUARY		1	
FEBRUARY		0	
MARCH		0	
APRIL		1	
MAY		0	
JUNE		0	
JULY		1	
AUGUST		1	
SEPTEMBER		1	
OCTOBER		0	
NOVEMBER		1	
DECEMBER		0	
TOTALS →	none	6	none

OTHER (description):

COMPANY NAME: Payson Water Co., Inc.			
Name of System:	Gisela/TCS	ADEQ Public Water System Number:	PWS 04-346

UTILITY SHUTOFFS / DISCONNECTS

MONTH	Termination without Notice R14-2-410.B	Termination with Notice R14-2-410.C	OTHER
JANUARY		1	
FEBRUARY		2	
MARCH		2	
APRIL		3	
MAY		4	
JUNE		3	
JULY		3	
AUGUST		1	
SEPTEMBER		2	
OCTOBER		2	
NOVEMBER		1	
DECEMBER		2	
TOTALS →	none	26	none

OTHER (description):

COMPANY NAME:	Payson Water Co., Inc.
Name of System:	Star Valley/Quail Valley
ADEQ Public Water System Number:	PWS 04-037

UTILITY SHUTOFFS / DISCONNECTS

MONTH	Termination without Notice R14-2-410.B	Termination with Notice R14-2-410.C	OTHER
JANUARY		1	
FEBRUARY		2	
MARCH		2	
APRIL		2	
MAY			
JUNE			
JULY			
AUGUST			
SEPTEMBER			
OCTOBER			
NOVEMBER			
DECEMBER			
TOTALS →	none	7	none

OTHER (description):

NOTE: Town of Star Valley acquired all the operational water system assets of the Star Valley/
Quail Valley water system by means of eminent domain effective May 1, 2012.

COMPANY NAME: Payson Water Co., Inc.
Name of System: East Verde Park Estates ADEQ Public Water System Number: PWS 04-026

UTILITY SHUTOFFS / DISCONNECTS

MONTH	Termination without Notice R14-2-410.B	Termination with Notice R14-2-410.C	OTHER
JANUARY		1	
FEBRUARY		2	
MARCH		3	
APRIL		3	
MAY		3	
JUNE		2	
JULY		2	
AUGUST		1	
SEPTEMBER		2	
OCTOBER		3	
NOVEMBER		2	
DECEMBER		1	
TOTALS →	none	25	none

OTHER (description):

COMPANY NAME:	Payson Water Co., Inc.		
Name of System:	Mesa del Caballo	ADEQ Public Water System Number:	PWS 04-030

UTILITY SHUTOFFS / DISCONNECTS

MONTH	Termination without Notice R14-2-410.B	Termination with Notice R14-2-410.C	OTHER
JANUARY		2	
FEBRUARY		3	
MARCH		3	
APRIL		5	
MAY		4	
JUNE		5	
JULY		5	
AUGUST		4	
SEPTEMBER		6	
OCTOBER		5	
NOVEMBER		4	
DECEMBER		3	
TOTALS →	none	49	none

OTHER (description):

COMPANY NAME Payson Water Co., Inc. YEAR ENDING 12/31/2012

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2012 was: \$ 15,816.47

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

**VERIFICATION
AND
SWORN STATEMENT**
Taxes

RECEIVED
APR 16 2013
ACC UTILITIES DIRECTOR

VERIFICATION

STATE OF CA
I, THE UNDERSIGNED
OF THE

COUNTY OF (COUNTY NAME)	Kern
NAME (OWNER OR OFFICIAL) TITLE	Robert T. Hardcastle
COMPANY NAME	Payson Water Co., Inc.

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

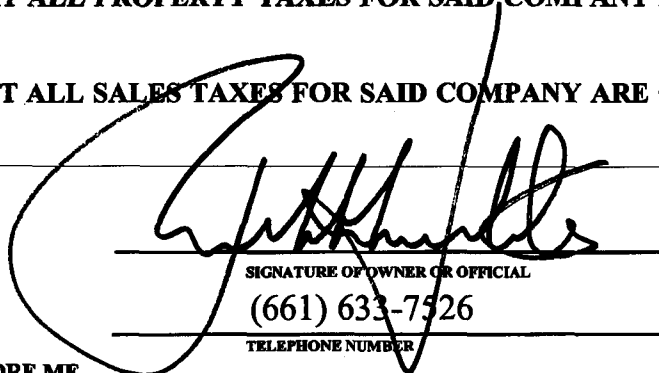
MONTH	DAY	YEAR
12	31	2012

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.


SIGNATURE OF OWNER OR OFFICIAL
(661) 633-7526
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

14th

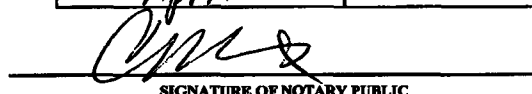
DAY OF

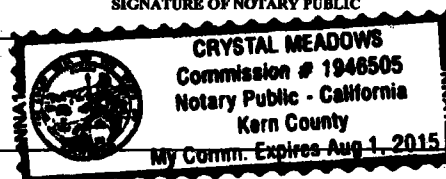
COUNTY NAME	Kern
MONTH	April
	2013

(SEAL)

MY COMMISSION EXPIRES

8/1/2015


SIGNATURE OF NOTARY PUBLIC



COMPANY NAME Payson Water Co., Inc. **YEAR ENDING 12/31/2012**

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported _____
Estimated or Actual Federal Tax Liability none

State Taxable Income Reported _____
Estimated or Actual State Tax Liability none

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances none
Amount of Gross-Up Tax Collected none
Total Grossed-Up Contributions/Advances none

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.



SIGNATURE

April 15, 2013

DATE

Robert T. Hardcastle

PRINTED NAME

President

TITLE

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

VERIFICATION

STATE OF CA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)	Kern
NAME (OWNER OR OFFICIAL) TITLE	Robert T. Hardcastle
COMPANY NAME	Payson Water Co., Inc.

RECEIVED
APR 16 2013
AEC UTILITIES DIRECTOR

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2012

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2012 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 394,908

(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 0
IN SALES TAXES BILLED, OR COLLECTED)

****REVENUE REPORTED ON THIS PAGE MUST
INCLUDE SALES TAXES BILLED OR
COLLECTED. IF FOR ANY OTHER REASON,
THE REVENUE REPORTED ABOVE DOES NOT
AGREE WITH TOTAL OPERATING REVENUES
ELSEWHERE REPORTED, ATTACH THOSE
STATEMENTS THAT RECONCILE THE
DIFFERENCE. (EXPLAIN IN DETAIL)**

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

14th

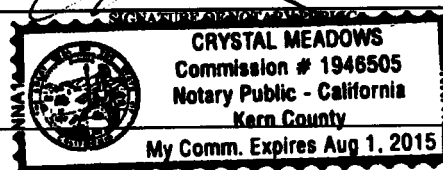
DAY OF

COUNTY NAME	Kern
MONTH	April
	.20 <u>13</u>

(SEAL)

MY COMMISSION EXPIRES

6/1/2015



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Exhibit Q

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COMPANY NAME: PAYSON WATER CO., INC.

Name of System: Mesa Del Caballo Water System ADEQ Public Water System Number (if applicable): PWS 00-430

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2006

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (THOUSANDS)	GALLONS PUMPED (THOUSANDS)	GALLONS PURCHASED (THOUSANDS)
JANUARY	369	1,631	802	1,510
FEBRUARY	375	1,359	158	1,284
MARCH	375	1,358	214	1,133
APRIL	375	1,287	172	1,232
MAY	375	1,980	807	1,428
JUNE	375	2,411	807	1,603
JULY	375	2,374	875	2,005
AUGUST	375	1,723	1,183	1,024
SEPTEMBER	375	1,314	198	1,280
OCTOBER	373	1,647	1,190	877
NOVEMBER	376	1,550	950	1,305
DECEMBER	376	1,287	170	1,404
TOTALS		19,921	8,824	16,214

What is the level of arsenic for each well on your system? See page 18 Wp1
(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? n/a GPM for n/a hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?

(☒) Yes () No

Is the Water Utility located in an ADWR Active Management Area (A.M.A.)?

() Yes (☒) No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?

() Yes (☒) No

If yes, provide the GPCPD amount: _____

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME: PAYSON WATER CO., INC.

Name of System: Moss Del Cabello Water System **ADEQ Public Water System Number (if applicable): PWS 04-009**

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2007

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	385	1,402	150	1,277
FEBRUARY	377	1,332	172	1,438
MARCH	378	1,347	159	1,250
APRIL	376	1,444	193	1,283
MAY	375	1,636	396	1,206
JUNE	378	1,731	658	1,107
JULY	377	1,702	623	1,146
AUGUST	373	1,558	325	800
SEPTEMBER	376	2,050	1,536	760
OCTOBER	377	1,810	583	678
NOVEMBER	376	1,291	398	581
DECEMBER	377	1,275	457	981
TOTAL		18,578	5,650	12,507

What is the level of arsenic for each well on your system? See Page 18 Mg/l
(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? n/a GPM for n/a hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?

(X) Yes () No

Is the Water Utility located in an ADWR Active Management Area (AMA)?

() Yes (X) No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?

() Yes (X) No

If yes, provide the GPCPD amount: _____

Note: If you are filling for more than one system, please provide separate data sheets for each system.

COMPANY NAME: PAYSON WATER CO., INC.

Name of System: Mesa Del Caballo Water System ADEQ Public Water System Number (If applicable): PWS 04-030

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2008

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	377	1,255	436	602
FEBRUARY	376	1,314	469	1,051
MARCH	376	1,271	328	1,163
APRIL	376	1,709	637	1,018
MAY	376	1,465	662	851
JUNE	376	1,744	1,014	857
JULY	376	1,521	840	772
AUGUST	378	1,416	794	741
SEPTEMBER	376	1,418	897	740
OCTOBER	374	1,813	718	912
NOVEMBER	373	1,335	775	699
DECEMBER	371	1,313	508	759
TOTAL			8,078	10,165

What is the level of arsenic for each well on your system? See Page 18 Mg/l
(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? n/a GPM for n/a hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?

(X) Yes () No

Is the Water Utility located in an ADWR Active Management Area (AMA)?

() Yes (X) No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?

() Yes (X) No

If yes, provide the GPCPD amount: _____

Notes: If you are filing for more than one system, please provide separate data sheets for each system.

DATA SHEET BY MONTH FOR CALENDAR YEAR

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	512	1,416	759	527
FEBRUARY	511	1,422	735	312
MARCH	512	1,555	755	633
APRIL	511	1,471	756.7	728
MAY	511	1,575	833.5	616.6
JUNE	514	1,594	811.8	162.2
JULY	514	1,962	879.3	846.1 646.1
AUGUST	515	1,452	862.6	651.4
SEPTEMBER	511	1,509	850.1	628.6
OCTOBER	514	1,761	800.8	752.6
NOVEMBER	511	1,522	855.6	849.4
DECEMBER	511	1,594	1,411.1	652.6
TOTALS →		17,146	8,555	7,752

What is the level of arsenic for each well on your system? 5.2 mg/l
(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? 1,100 GPM for 1 hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?
(☒) Yes () No

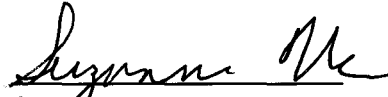
Is the Water Utility located in an ADWR Active Management Area (AMA)?
() Yes () No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
() Yes (☒) No

Provide the GPCPD amount: 1.14

If you are providing data for more than one system, please provide separate data sheets for each system.

1
2 Dated this 6th day of January, 2014
3
4
5

6 
7 Suzanne Nee, Intervener
8 2051 E. Aspen Drive
9 Tempe, AZ 85282
10 (602)451-0693
11

12 ORIGINAL and thirteen (13) copies
13 of the foregoing were filed this 6th
14 day of January, 2014 with:
15

16 Docket Control
17 Arizona Corporation Commission
18 1200 W. Washington Street
19 Phoenix, AZ 85007
20

21 COPY of the foregoing was mailed
22 this 6th day of January to:
23

24 Jay Shapiro (Attorney for Payson Water Co., Inc.)
25 Fennemore Craig P.C.
26 2394 E. Camelback Road, Suite 600
27 Phoenix, AZ 85016
28

29
30 Robert Hardcastle
31 3101 State Rd.
32 Bakersfield, CA 93308
33

34
35 William Sheppard
36 6250 North Central Avenue
37 Phoenix, AZ 85012
38

39 Thomas Bremer
40 6717 E. Turquoise Ave.
41 Scottsdale, AZ 85253
42

43
44 J. Stephen Gehring & Richard M. Burt
45 8157 Deadeye Rd.
46 Payson, AZ 85541

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Kathleen M. Reidhead
14406 S. Cholla Canyon Dr.
Phoenix, AZ 85044

Glynn Ross
405 S. Ponderosa
Payson, AZ 85541

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 **COMMISSIONERS**

3 BOB STUMP - Chairman
4 GARY PIERCE
5 BREND A BURNS
6 BOB BURNS
7 SUSAN BITTER SMITH

8 IN THE MATTER OF THE APPLICATION OF
9 PAYSON WATER CO., INC., AN ARIZONA
10 CORPORATION, FOR A DETERMINATION OF
11 THE FAIR VALUE OF ITS UTILITY PLANT AND
12 PROPERTY AND FOR INCREASES IN ITS
13 WATER RATES AND CHARGES FOR UTILITY
14 SERVICE BASED THEREON.

DOCKET NO. W-03514A-13-0111

15 IN THE MATTER OF THE APPLICATION OF
16 PAYSON WATER CO., INC., FOR AUTHORITY
17 TO ISSUE EVIDENCE OF INDEBTEDNESS IN
18 AN AMOUNT NOT TO EXCEED \$1,238,000 IN
19 CONNECTION WITH INFRASTRUCTURE
20 IMPROVEMENTS TO THE UTILITY SYSTEM;
21 AND ENCUMBER REAL PROPERTY AND
22 PLANT AS SECURITY FOR SUCH
23 INDEBTEDNESS.

DOCKET NO. W-03514A-13-0142

PROCEDURAL ORDER

24 **BY THE COMMISSION:**

25 On April 22, 2013, Payson Water Co., Inc. ("PWC") filed with the Arizona Corporation
26 Commission ("Commission") an application in Docket No. W-03514A-13-0111 for a determination
27 of the fair value of its utility plant and property and for increases in its water rates and charges for
28 utility service.

On May 27, 2013, PWC filed with the Commission an application in Docket No. W-03514A-
13-0142 for authority to (1) issue evidence of indebtedness in an amount not to exceed \$1,238,000 on
the terms and conditions set forth by the Water Infrastructure and Finance Authority, and (2)
encumber its real property and utility plant as security for such indebtedness.

By Procedural Order issued August 26, 2013, Docket Nos. W-03514A-13-0111 and W-
03514A-13-0142 were consolidated.

October 28, 2013, Suzanne Nee filed a Motion to Intervene.

No objections have been filed to the Motion to Intervene.

1 IT IS THEREFORE ORDERED that **Suzanne Nee is hereby granted intervention.**

2 IT IS FURTHER ORDERED that the Administrative Law Judge may rescind, alter, amend,
3 or waive any portion of this Procedural Order by subsequent Procedural Order or by ruling at hearing.

4 DATED this 9th day of December, 2013.

5 
6 DWIGHT D. NODES
7 ASSISTANT CHIEF ADMINISTRATIVE LAW JUDGE

8 Copies of the foregoing mailed
9 this 9th day of December, 2013, to:

10 Jay L. Shapiro
11 FENNEMORE CRAIG, P.C.
12 2394 E. Camelback Road, Suite 600
13 Phoenix, Arizona 85016
14 Attorneys for Payson Water Co., Inc.

13 Kathleen M. Reidhead
14 14406 S. Cholla Canyon Dr.
15 Phoenix, AZ 85044

15 Thomas Bremer
16 6717 E. Turquoise Ave.
17 Scottsdale, AZ 85253

17 Bill Sheppard
18 6250 N. Central Ave.
19 Phoenix, AZ 85012

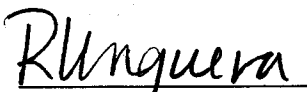
J. Stephen Gehring
Richard M. Burt
8157 W. Deadeye Rd.
Payson, AZ 85541

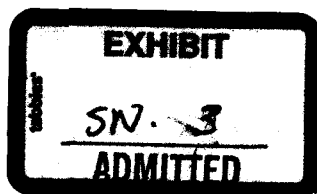
Suzanne Nee
2051 E. Aspen Dr.
Tempe, AZ 85282

Janice Alward, Chief Counsel
Legal Division
ARIZONA CORPORATION COMMISSION
1200 W. Washington Street
Phoenix, Arizona 85007

Steven M. Olea, Director
Utilities Division
ARIZONA CORPORATION COMMISSION
1200 W. Washington Street
Phoenix, Arizona 85007

22 By:

21 
22 Rebecca Unquera
23 Assistant to Dwight D. Nodes
24
25
26
27
28



Jan 7 2014

Document
#150693

Suzanne Nee
2051 E. Aspen Drive
Tempe, AZ 85282
Telephone: 602-451-0693

BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE APPLICATION
OF PAYSON WATER CO., INC., AN
ARIZONA CORPORATION, FOR A
DETERMINATION OF THE FAIR VALUE
OF ITS UTILITY PLANTS AND
PROPERTY AND FOR INCREASES IN ITS
WATER RATES AND CHARGES FOR
UTILITY SERVICE BASED THEREON.

DOCKET NO: W-03514A-13-0111

IN THE MATTER OF THE APPLICATION
OF PAYSON WATER CO., INC., AN
ARIZONA CORPORATION, FOR
AUTHORITY TO: (1) ISSUE EVIDENCE
OF INDEBTEDNESS IN AN AMOUNT
NOT TO EXCEED \$1,238,000 IN
CONNECTION WITH INFRASTRUCTURE
IMPROVEMENTS TO THE UTILITY
SYSTEM; AND (2) ENCUMBER REAL
PROPERTY AND PLANT AS SECURITY
FOR SUCH INDEBTEDNESS.

DOCKET NO: W-03514A-13-0142

SUPPLEMENT TO PRE-FILED TESTIMONY

Pursuant to the Procedural Order issued on Dec. 9, 2013, Suzanne Nee, "SN", is granted intervention in the above-captioned matter.

Upon additional review of the accounting term "Miscellaneous Expense" which www.allbusiness.com defines as "incidental expense of a business, not classified as manufacturing, selling, or general and administrative expenses. It is presented on an income statement after the operating income. Miscellaneous expenses are immaterial. A more precise designation or separate accounting for them results in a cost greater than the benefit received."

Payson Water Company's Miscellaneous Expenses in Test year 2012 can hardly be considered immaterial or insignificant. The **Miscellaneous Expense** listed on their Comparative Statement of Income and Expense for 2012 is **\$249,525**. Their Total Revenues for 2012 were **\$394,908**. Thus, their Miscellaneous Expense is **63.2%** of their Total Revenues. This is hardly immaterial! This is an expense that can't be classified as a manufacturing, selling, or general and administrative expense.

1
2 If PWC's Misc. Expense was a more reasonable 2.5% of Total Revenue or $0.025 \times \$394,908$
3 $= \$9,872.7$. A more reasonable Total Operating Expenses would then be: $\$592,977 - \$249,525 +$
4 $\$9,872.7 = \$353,324.7$.

5
6 This reduction in Operating Expenses would turn the **\$198,069 Operating Loss** into a
7 **\$41,583.3 Operating Profit**. The Net **Return on Assets** would then be $\$41,583.3 / \$739,873 =$
8 **5.62%**. See Exhibit A.

9
10 If one did a similar computation on Payson Water Company's 2011 Comparative
11 Statement of Income and Expense: $0.025 \times \$497,039 = \$12,426$. The more reasonable Total
12 Operating Expense would then be: $\$589,764 - 231,299 + 12,426 = \$370,891$.

13
14 This reduction in 2011 Operating Expenses would turn the \$92,725 Operating Loss into a
15 **\$126,148 Operating Profit**. The Net **Return on Assets** would then be $\$126,148 / \$906,528 =$
16 **13.9%**. See Exhibit A.

17
18 Return of Assets in the 5.62-13.9% range seems fair and reasonably for the service PWC
19 provides to its customers.

20
21 Payson Water Company's Miscellaneous Expense/Total Revenue for the years 2008
22 through 2012 respectively were: 38.4%, 45.5%, 50%, 46.5%, and 63.2%. I would like to know
23 where this money is going? Why would such large dollar amounts not be accounted for in a
24 different expense account?

25
26 Representing Mead Ranch I took an email survey of residents. I only had a fraction of the
27 69 residents' email addresses, but I did receive 15 completed surveys of the 69 Mead resident,
28 about a 22% response. Of these residents, 8 of 15, or 53.3% indicated that they are retired. The
29 people that I've spoken too are living on tight budgets. **Exhibit B- Mead Survey**.

30
31 If residents at Mead Ranch or any of the other communities want a risk free investment,
32 the best rates in Phoenix presently are 0.55%, 1% and 2% for a 1 year, 2 year and 5 year CDs,
33 respectively. **See Exhibit C**.

34
35 In comparison to the risks inherent of the water utility business, Returns on Assets of
36 5.62% to 13.9% are reasonable. Document 00001510671, Exhibit C, shows that Value Line
37 Investment Survey's 2012 Return on Capital for Water Utilities was 6.04% and the 2013 Return
38 on Capital for Water Utilities was 5.69%. Payson Water Company's Revised Returns without the
39 questionable large Miscellaneous Expenses are appropriate with the existing rate structure.

40
41 In regards to Payson Water Company's Rejoinder Testimony, document 0000150671,
42 regarding Ms. Reidhead's objecting to a consolidated rate structure and trying to advance the
43 argument for cost of service studies, Mr. Williamson responds on page 13, "It also helps to
44 provide a smoothing effect over discrete cost spikes across the various systems and over time."
45

1 This is exactly Ms. Reidhead and my point, that the costs associated with the proposed
2 MdC project's discrete costs WILL be spread over the other communities that will not benefit
3 from such a large expense. Mr. Williamson is agreeing to our position that we, the other
4 communities, will see increases as the MdC Cragin Pipeline costs are "smoothed" over if their
5 billing system remains consolidated. In addition, this is not a manufacturing organization, what
6 would be the economies of scale?
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Exhibit A

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COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR	
461	Metered Water Revenue	\$ 474,116	\$ 386,877	
460	Unmetered Water Revenue			
474	Other Water Revenues	22,923	8,031	
	TOTAL REVENUES	\$ 497,039	\$ 394,908	
	OPERATING EXPENSES			
601	Salaries and Wages	\$ 56,886	\$ 55,688	
610	Purchased Water	46,604	51,953	
615	Purchased Power	60,782	56,482	
618	Chemicals			
620	Repairs and Maintenance	22,692	27,774	
621	Office Supplies and Expense			
630	Outside Services	48,621	67,734	
635	Water Testing	17,916	11,000	
641	Rents			
650	Transportation Expenses			
657	Insurance - General Liability			
659	Insurance - Health and Life	2,614	266	
666	Regulatory Commission Expense - Rate Case			
675	Miscellaneous Expense	12,426	231,299	249,525 9872.7
403	Depreciation Expense		77,458	61,428
408	Taxes Other Than Income			
408.11	Property Taxes		24,892	11,127
409	Income Tax	376,891		
	TOTAL OPERATING EXPENSES	\$ 589,764	\$ 592,977	353,324.7
	OPERATING INCOME/(LOSS)	126,148	(92,725)	\$ (198,069) 41,583.3

2011 Return on Assets:
 $\$126,148 / \$906,528 = 13.9\%$
 with lowered Misc. Expense
 of 2.5% of Total Revenue

2012 Return on Assets:
 $\$41,583.3 / \$739,873 = 5.62\%$
 with lowered Misc. Expense
 of 2.5% of Total Revenue

Exhibit B

1

Mead Ranch Email Survey- Nov. 2013								
Address	Year Built	Retired	Fixed Income	Vet?	Firefighter	Days/Month	For or Opposed	Water Rate Increase
166 Mountainview Terrace, Payson	1960	1970 No	Yes	No		4	Opposed	
401 W Old Pine Trl, Payson, AZ 85541	mid 1950s ~1970	1955 Yes 1972 Yes	Yes Yes	No Yes	Volunteer	FT	Opposed	
163 Big Juniper Road Lot 6	1961 1956	1961 Yes 1956 Both	Yes Yes	Yes Yes	Volunteer	10 2	Opposed Opposed	
128 Big Juniper Road Lot 20 Big Juniper	~1970 1955	1970 Both 1955 No	Yes	Yes		5.5 4	Opposed Opposed	
Lot 7, 586 W. Old Pine Trail	1971	1971 yes	yes			FT	Opposed	
370 S. Park Rd.	1962	1962 no			Volunteer POC	20	Opposed	
283 E. Maynard & Icy Lane	1973	1973 Both	yes	Yes			Opposed	
189 Cabin Estates	1987	1987 No	No	No	No	4	Opposed	
353 Mountain View Terrace	1963	1963 No	No	No	No	FT	Opposed	
410 Old Pine Trail	1959	1959 No		No	No	8	Opposed	
186 S. Park Rd.	~1975	1975 Both	Yes	No	No	FT	Opposed	
194 Rim Trail	1955	No	No	No	No	4	Opposed	

Average Age of Home 1964.8 15 homes responding to email

15/69 respondents 8/15 retired
21.74% **53.33%**

Exhibit C

1

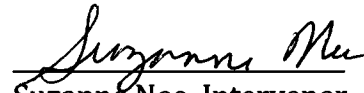
1 yr CD				2 yr CD			
Institution	APY	Rate	Min Deposit	Institution	APY	Rate	Min Deposit
AmTrust Bank	0.55% Tue Jan 7	0.55 % Compounded daily	\$500	MidFirst Bank	1.00% Tue Jan 7	1.00 % Compounded daily	\$1,000
MidFirst Bank	0.40% Tue Jan 7	0.40 % Compounded daily	\$1,000	AmTrust Bank	0.95% Tue Jan 7	0.95 % Compounded daily	\$500
Bank of America	0.06% Tue Jan 7	0.06 % Compounded monthly	\$1,000	Bank of America	0.15% Tue Jan 7	0.15 % Compounded monthly	\$1,000
Wells Fargo	0.05% Tue Jan 7	0.05 % Compounded daily	\$2,500	Wells Fargo	0.15% Tue Jan 7	0.15 % Compounded daily	\$2,500
Chase Bank	0.02% Tue Jan 7	0.02 % Compounded daily	\$1,000	Chase Bank	0.05% Tue Jan 7	0.05 % Compounded daily	\$1,000

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5 yr CD			
Institution	APY	Rate	Min Deposit
MidFirst Bank	2.00% Tue Jan 7	1.98 % Compounded daily	\$1,000
AmTrust Bank	1.35% Tue Jan 7	1.34 % Compounded daily	\$500
Wells Fargo	0.45% Tue Jan 7	0.45 % Compounded daily	\$2,500
Chase Bank	0.25% Tue Jan 7	0.25 % Compounded daily	\$1,000
Bank of America	0.20% Tue Jan 7	0.20 % Compounded monthly	\$1,000

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1 Dated this 7th day of January, 2014
2
3


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Tempe, AZ 85282
(602)451-0693

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11 ORIGINAL and thirteen (13) copies
12 of the foregoing were filed this 6th
13 day of January, 2014 with:
14

15 Docket Control
16 Arizona Corporation Commission
17 1200 W. Washington Street
18 Phoenix, AZ 85007
19

20 COPY of the foregoing was mailed
21 this 6th day of January to:
22

23 Jay Shapiro (Attorney for Payson Water Co., Inc.)
24 Fennemore Craig P.C.
25 2394 E. Camelback Road, Suite 600
26 Phoenix, AZ 85016
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29 Robert Hardcastle
30 3101 State Rd.
31 Bakersfield, CA 93308
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34 William Sheppard
35 6250 North Central Avenue
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Payson, AZ 85541

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2
3 Suzanne Nee
4 2051 E. Aspen Drive
5 Tempe, AZ 85282
6 Telephone: 602-451-0693
7

8 BEFORE THE ARIZONA CORPORATION COMMISSION
9

10 IN THE MATTER OF THE APPLICATION
11 OF PAYSON WATER CO., INC., AN
12 ARIZONA CORPORATION, FOR A
13 DETERMINATION OF THE FAIR VALUE
14 OF ITS UTILITY PLANTS AND
15 PROPERTY AND FOR INCREASES IN ITS
16 WATER RATES AND CHARGES FOR
17 UTILITY SERVICE BASED THEREON.

DOCKET NO: W-03514A-13-0111

18
19 IN THE MATTER OF THE APPLICATION
20 OF PAYSON WATER CO., INC., AN
21 ARIZONA CORPORATION, FOR
22 AUTHORITY TO: (1) ISSUE EVIDENCE
23 OF INDEBTEDNESS IN AN AMOUNT
24 NOT TO EXCEED \$1,238,000 IN
25 CONNECTION WITH INFRASTRUCTURE
26 IMPROVEMENTS TO THE UTILITY
27 SYSTEM; AND (2) ENCUMBER REAL
28 PROPERTY AND PLANT AS SECURITY
29 FOR SUCH INDEBTEDNESS.
30

DOCKET NO: W-03514A-13-0142

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SUPPLEMENT TO PRE-FILED TESTIMONY

Pursuant to the Procedural Order issued on Dec. 9, 2013, Suzanne Nee, "SN", is granted intervention in the above-captioned matter.

Upon additional review of the accounting term "Miscellaneous Expense" which www.allbusiness.com defines as "incidental expense of a business, not classified as manufacturing, selling, or general and administrative expenses. It is presented on an income statement after the operating income. Miscellaneous expenses are immaterial. A more precise designation or separate accounting for them results in a cost greater than the benefit received."

Payson Water Company's Miscellaneous Expenses in Test year 2012 can hardly be considered immaterial or insignificant. The **Miscellaneous Expense** listed on their Comparative Statement of Income and Expense for 2012 is **\$249,525**. Their Total Revenues for 2012 were **\$394,908**. Thus, their Miscellaneous Expense is **63.2%** of their Total Revenues. This is hardly immaterial! This is an expense that can't be classified as a manufacturing, selling, or general and administrative expense.

1
2 If PWC's Misc. Expense was a more reasonable 2.5% of Total Revenue or $0.025 \times \$394,908$
3 $= \$9,872.7$. A more reasonable Total Operating Expenses would then be: $\$592,977 - \$249,525 +$
4 $\$9,872.7 = \$353,324.7$.

5
6 This reduction in Operating Expenses would turn the **\$198,069 Operating Loss** into a
7 **\$41,583.3 Operating Profit**. The Net **Return on Assets** would then be $\$41,583.3 / \$739,873 =$
8 **5.62%**. See Exhibit A.

9
10 If one did a similar computation on Payson Water Company's 2011 Comparative
11 Statement of Income and Expense: $0.025 \times \$497,039 = \$12,426$. The more reasonable Total
12 Operating Expense would then be: $\$589,764 - 231,299 + 12,426 = \$370,891$.

13
14 This reduction in 2011 Operating Expenses would turn the \$92,725 Operating Loss into a
15 **\$126,148 Operating Profit**. The Net **Return on Assets** would then be $\$126,148 / \$906,528 =$
16 **13.9%**. See Exhibit A.

17
18 Return of Assets in the 5.62-13.9% range seems fair and reasonably for the service PWC
19 provides to its customers.

20
21 Payson Water Company's Miscellaneous Expense/Total Revenue for the years 2008
22 through 2012 respectively were: 38.4%, 45.5%, 50%, 46.5%, and 63.2%. I would like to know
23 where this money is going? Why would such large dollar amounts not be accounted for in a
24 different expense account?

25
26 Representing Mead Ranch I took an email survey of residents. I only had a fraction of the
27 69 residents' email addresses, but I did receive 15 completed surveys of the 69 Mead resident,
28 about a 22% response. Of these residents, 8 of 15, or 53.3% indicated that they are retired. The
29 people that I've spoken too are living on tight budgets. **Exhibit B- Mead Survey**.

30
31 If residents at Mead Ranch or any of the other communities want a risk free investment,
32 the best rates in Phoenix presently are 0.55%, 1% and 2% for a 1 year, 2 year and 5 year CDs,
33 respectively. **See Exhibit C**.

34
35 In comparison to the risks inherent of the water utility business, Returns on Assets of
36 5.62% to 13.9% are reasonable. Document 00001510671, Exhibit C, shows that Value Line
37 Investment Survey's 2012 Return on Capital for Water Utilities was 6.04% and the 2013 Return
38 on Capital for Water Utilities was 5.69%. Payson Water Company's Revised Returns without the
39 questionable large Miscellaneous Expenses are appropriate with the existing rate structure.

40
41 In regards to Payson Water Company's Rejoinder Testimony, document 0000150671,
42 regarding Ms. Reidhead's objecting to a consolidated rate structure and trying to advance the
43 argument for cost of service studies, Mr. Williamson responds on page 13, "It also helps to
44 provide a smoothing effect over discrete cost spikes across the various systems and over time."
45

1 This is exactly Ms. Reidhead and my point, that the costs associated with the proposed
2 MdC project's discrete costs WILL be spread over the other communities that will not benefit
3 from such a large expense. Mr. Williamson is agreeing to our position that we, the other
4 communities, will see increases as the MdC Cragin Pipeline costs are "smoothed" over if their
5 billing system remains consolidated. In addition, this is not a manufacturing organization, what
6 would be the economies of scale?
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Exhibit A

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COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 474,116	\$ 386,877
460	Unmetered Water Revenue		
474	Other Water Revenues	22,923	8,031
	TOTAL REVENUES	\$ 497,039	\$ 394,908
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 56,886	\$ 55,688
610	Purchased Water	46,604	51,953
615	Purchased Power	60,782	56,482
618	Chemicals		
620	Repairs and Maintenance	22,692	27,774
621	Office Supplies and Expense		
630	Outside Services	48,621	67,734
635	Water Testing	17,916	11,000
641	Rents		
650	Transportation Expenses		
657	Insurance - General Liability		
659	Insurance - Health and Life	2,614	266
666	Regulatory Commission Expense - Rate Case		
675	Miscellaneous Expense 12,426	231,299	249,525
403	Depreciation Expense	77,458	61,428
408	Taxes Other Than Income		
408.11	Property Taxes	24,892	11,127
409	Income Tax 376,891		
	TOTAL OPERATING EXPENSES	\$ 589,764	\$ 592,977
	OPERATING INCOME/(LOSS)	126,148	(198,069)

9872.7

353,324.7

41,583.3

2011 Return on Assets:
 $\$126,148 / \$906,528 = 13.9\%$
 with lowered Misc. Expense
 of 2.5% of Total Revenue

2012 Return on Assets:
 $\$41,583.3 / \$739,873 = 5.62\%$
 with lowered Misc. Expense
 of 2.5% of Total Revenue

Exhibit B

Mead Ranch Email Survey- Nov. 2013

Address	Year Built	Retired	Fixed Income	Vet?	Firefighter	Days/Month	For or Opposed	Water Rate Increase
166 Mountainview Terrace, Payson	1960	1970 No	Yes	No		4	Opposed	
401 W Old Pine Trl, Payson, AZ 85541	mid 1950s ~1970	1955 Yes 1972 Yes	Yes Yes	No Yes	Volunteer	FT	Opposed	
163 Big Juniper Road	1961	1961 Yes	Yes	Yes	Volunteer	10	Opposed	
Lot 6	1956	1956 Both	Yes	Yes		2	Opposed	
128 Big Juniper Road	~1970	1970 Both	Yes			5.5	Opposed	
Lot 20 Big Juniper	1955	1955 No		Yes		4	Opposed	
Lot 7, 586 W. Old Pine Trail	1971	1971 yes	yes			FT	Opposed	
370 S. Park Rd.	1962	1962 no			Volunteer POC	20	Opposed	
283 E. Maynard & Icy Lane	1973	1973 Both	yes	Yes			Opposed	
189 Cabin Estates	1987	1987 No	No	No	No	4	Opposed	
353 Mountain View Terrace	1963	1963 No	No	No	No	FT	Opposed	
410 Old Pine Trail	1959	1959 No		No	No	8	Opposed	
186 S. Park Rd.	~1975	1975 Both	Yes	No	No	FT	Opposed	
194 Rim Trail	1955	No	No	No	No	4	Opposed	

Average Age of Home 1964.8 15 homes responding to email

15/69 respondents
21.74%

8/15 retired
8/15
53.33%

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Exhibit C

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1 yr CD				2 yr CD			
Institution	APY	Rate	Min Deposit	Institution	APY	Rate	Min Deposit
AmTrust Bank	0.55% Tue Jan 7	0.55 % Compounded daily	\$500	MidFirst Bank	1.00% Tue Jan 7	1.00 % Compounded daily	\$1,000
MidFirst Bank	0.40% Tue Jan 7	0.40 % Compounded daily	\$1,000	AmTrust Bank	0.95% Tue Jan 7	0.95 % Compounded daily	\$500
Bank of America	0.06% Tue Jan 7	0.06 % Compounded monthly	\$1,000	Bank of America	0.15% Tue Jan 7	0.15 % Compounded monthly	\$1,000
Wells Fargo	0.05% Tue Jan 7	0.05 % Compounded daily	\$2,500	Wells Fargo	0.15% Tue Jan 7	0.15 % Compounded daily	\$2,500
Chase Bank	0.02% Tue Jan 7	0.02 % Compounded daily	\$1,000	Chase Bank	0.05% Tue Jan 7	0.05 % Compounded daily	\$1,000

5 yr CD			
Institution	APY	Rate	Min Deposit
MidFirst Bank	2.00% Tue Jan 7	1.98 % Compounded daily	\$1,000
AmTrust Bank	1.35% Tue Jan 7	1.34 % Compounded daily	\$500
Wells Fargo	0.45% Tue Jan 7	0.45 % Compounded daily	\$2,500
Chase Bank	0.25% Tue Jan 7	0.25 % Compounded daily	\$1,000
Bank of America	0.20% Tue Jan 7	0.20 % Compounded monthly	\$1,000

1 Dated this 7th day of January, 2014
2
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6 Suzanne Nee, Intervener
7 2051 E. Aspen Drive
8 Tempe, AZ 85282
9 (602)451-0693
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Kathleen M. Reidhead
14406 S. Cholla Canyon Dr.
Phoenix, AZ 85044

Glynn Ross
405 S. Ponderosa
Payson, AZ 85541



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2014 JAN 22 P 2:44

ORIGINAL

BEFORE THE ARIZONA CORPORATION COMMISSION

CORP COMMISSION
DOCKET CONTROL

IN THE MATTER OF THE APPLICATION
OF PAYSON WATER CO., INC., AN
ARIZONA CORPORATION, FOR A
DETERMINATION OF THE FAIR VALUE
OF ITS UTILITY PLANTS AND
PROPERTY AND FOR INCREASES IN ITS
WATER RATES AND CHARGES FOR
UTILITY SERVICE BASED THEREON.

DOCKET NO: W-03514A-13-0111

Arizona Corporation Commission

DOCKETED

JAN 22 2014

DOCKETED BY

IN THE MATTER OF THE APPLICATION
OF PAYSON WATER CO., INC., AN
ARIZONA CORPORATION, FOR
AUTHORITY TO: (1) ISSUE EVIDENCE
OF INDEBTEDNESS IN AN AMOUNT
NOT TO EXCEED \$1,238,000 IN
CONNECTION WITH INFRASTRUCTURE
IMPROVEMENTS TO THE UTILITY
SYSTEM; AND (2) ENCUMBER REAL
PROPERTY AND PLANT AS SECURITY
FOR SUCH INDEBTEDNESS.

DOCKET NO: W-03514A-13-0142

INTERVENOR RESPONSE TO
SUPPLEMENTAL REJOINDER TESTIMONY -
PHASE 2

Suzanne Nee, "SN", is an Intervenor in the above-captioned matter. She is part-time Mathematics faculty at Scottsdale Community College and resides part-time in the Community of Mead Ranch on the weekends and school breaks in the summer and winter.

Payson Water Company, PWC, a subsidiary of Brooke Utilities, Inc. (BUI) was owned by Mr. Robert T. Hardcastle when these consolidated rate cases were initiated. However, midstream through these proceedings, Mr. Jason Williamson purchased PWC, in addition to Tonto Basin Water Company (WC), and Navajo WC under his limited liability company, JW Holdings from Mr. Hardcastle.

Prior to working at Scottsdale Community College, SN worked for over 23 years in private industry. From 2000-2006, SN worked for ON Semiconductor, Inc. as a Strategic Marketing Manager responsible for profitably growing the revenue of an incubator business from \$21 to \$80 Million in 4 years.

1
2
3 In private industry, the President or CEO is responsible for growing his business profitably. He
4 has primarily two ways to do this, increase revenues or decrease expenses. If he cannot decrease his
5 expenses enough to remain profitable, he must raise his prices or go out of business. In private industry
6 he can raise his prices at any time if his products and/or services add value to the customer. However,
7 in private industry, if customers do not feel that they are receiving a good value for the product or
8 service rendered, they can take their business elsewhere.

9
10 In the present case of a public water utility, the customers have no choice to take their business
11 elsewhere. And people need water to survive. I believe that Mr. Hardcastle was/is (he owns other
12 water companies in Arizona, presently Brooke Water, LLC and Circle City WC, LLC) quite aware of this
13 fact. Mr. Hardcastle's business model, from my investigation, is to buy distressed water companies,
14 raise rates at every opportunity, (as evidenced by high legal expenses, consulting and other profession
15 fees), these litigation expenses added to outrageously high Miscellaneous Expenses make his companies
16 appear to be running at a loss. So he applies for more rate increases, all the while investing only what is
17 legally required to maintain the water systems that he owns, (See Misc. Expenses compared to Repairs
18 and Maintenance Expenses, Bar Chart- Exhibit A). In my opinion, Mr. Hardcastle is not so concerned
19 about receiving dividends from his investments. Mr. Hardcastle would like his customers to get so
20 irritated with him not maintaining their systems, applying for rate increases (and getting them), that
21 they will eventually, like the Town of Star/Quail Valley in 2012 did for \$775,000, buy back their system at
22 a large capital gain for Mr. Hardcastle. Of course, a capital gain (20% - taxes paid in 2014) is taxed lower
23 than a dividend payment (39.6% - taxes paid in 2014) would be taxed. (That is assuming he is not
24 offsetting the capital gain with all his other businesses net losses.) Similarly, two other water companies
25 owned by Brooke Utilities, Inc., Pine WC and Strawberry WC, over several years had similar complaints
26 of no maintenance and increased rates, bought their water systems back from BUI in 2009 for between
27 \$2 Million and \$3.5 Million. (Not sure, one document says \$2 Million in 2008, but not settled until Sept.
28 2009, Payson Round Up reported \$3.5 Million). Exhibits B- Pine/Strawberry Ad in Payson Roundup,
29 Exhibit C- Initial offer 2008 and Exhibit D - Payson Roundup article in 2009. This model depends on rate
30 increases, with staff at the ACC short on time to delve into the details of his multiple filings and
31 businesses. Adding capital assets through a WIFA loan that will be charged back to customers, increases
32 his rate base and thus will lead him or rather the new owner, Jason Williamson, to come back before the
33 ACC as soon as possible to ask for more increased rates to provide a "fair" return on the new asset
34 placed in service. This fits their business model perfectly.

35
36 From 2005 through 2012 (test year), Mr. Hardcastle has continued to raise PWC's Miscellaneous
37 Expenses from 8.5% in 2005 to 63.2% in 2012. This expense, and not cost of power, chemicals, or
38 maintenance and repairs, is what causes PWC to be unprofitable. See Exhibit E. (Source: PWC's Annual
39 Reports as filed with the Arizona Corporation Commission:
40 ([http://www.azcc.gov/Divisions/Utilities/Annual%20Reports/2012/Water/Payson Water Co Inc.pdf](http://www.azcc.gov/Divisions/Utilities/Annual%20Reports/2012/Water/Payson%20Water%20Co.%20Inc.pdf)).
41 I am not an accountant, but I showed an Accountant the PWC financials filed in this case and he
42 commented, "The only expense that should be coded to miscellaneous expenses should be expenses that

1 *do not fit into any other expense category. It certainly appears that they are coding expenses to*
2 *miscellaneous either due to incompetency or trying to hide something."*

3 These Miscellaneous Expenses were primarily are used to fund Mr. Hardcastle's Central Office Overhead
4 Allocation. (Sister companies Tonto Basin and Navjo Water Companies also pay large miscellaneous
5 expenses to fund this Central Office. In addition, Mr. Hardcastle also runs Brooke WC and Circle City WC
6 presumably from the same Central Office. See Exhibit F, the sum total of these Miscellaneous Expenses,
7 primarily to fund this Central Office, are costing Arizona water customers about **\$802,000** annually. Also,
8 note in Exhibit F, data from PWC's Annual Reports was that PWC, Tonto Basin WC and Navajo WC all
9 also incurred 2010 Miscellaneous Non-Utility Expenses totally **\$668,000**. Not sure where these monies
10 were spent, but obviously these transactions make each company's financial condition look worse.
11

12 Because these expenses are not necessarily illegal (although unethical and immoral on the backs
13 of retired, widowed, and just plain hard working people who have written and appeared at the Public
14 Comments Hearing at the ACC from Payson on January 8th), ACC Staff only took out \$58,124 from
15 Company Test Year as Filed Miscellaneous Expenses and leaves $\$235,253 - \$58,124 = \$177,129$ in
16 Miscellaneous Expenses. Exhibit G – Operating Income Test Year and Staff Recommended. Also note in
17 Operating Income Adjustment No. 3, Analyst CSB Surrebuttal Schedule CSB-11 (Exhibit H) that in
18 addition to the Central Office Overhead Allocation of \$197,722, PWC also includes a Line 1
19 Miscellaneous Expense of \$37,531 or 11.7% of Test Year Revenue.
20

21 Most notably hidden in the Central Office Overhead Allocation are: an additional Salary & Wages
22 of \$47,999, Salaries & Wages and Bonuses of \$33,544.62 (which Staff did not allow), Professional Fees
23 \$31,211, Management Fees of \$13,282, and travel of \$13,912. With the exception of the \$58,124, staff
24 has allowed \$177,129 Miscellaneous Expenses for a business with Test Year Total Revenues of \$320,525
25 or **55.3%** Miscellaneous Expenses to Total Revenues. As noted in SN document 0000150673, three
26 Arizona water companies managing similarly sized assets, showed Miscellaneous Expenses of **2.7%**,
27 **1.22%** and **2.1%** respectively, for Valencia WC (Greater Buckeye), Adaman Mutual WC, and Ponderosa
28 Utility.

29 We, the Intervenors, propose that PWC run this Class C Water Utility in line with these similarly sized
30 companies at a 2.5% of Revenue- Miscellaneous Expense: $2.5\% \times \$320,525 = \$8,013$.
31

32 In addition to these Miscellaneous Expenses, SN notes that PWC has built in a yearly (and staff
33 has allowed) Regulatory Commission Expense – Rate Case of \$65,000. We do not believe customers
34 should have to pay yearly for these litigation costs, but perhaps every 5 years, so we are proposing this
35 amount be reduced to **\$13,000** annually.
36

37 Also, since noted in the Pre-Hearing comments PWC has not improved or maintained the water
38 infrastructure of these communities in at least the 13 years since the last rate case. We propose
39 increasing the repairs and maintenance expenses from \$28,089 to **\$75,000**. This should be enough to
40 get the wells in Mesa Del Caballo and East Verde Park properly pumping as per Intervenor's KMR's
41 testimony and probably be enough to fund another well at MdC.
42

1 See Exhibit I, Operating Income – Test Year, Staff Recommended and Intervenor Proposed with
2 the above Intervenor recommended changes. With these changes, we show a \$44,564 Operating
3 Income which is a return of 10.5% on the original cost rate base of \$425,129.
4

5 SN would also like to note that in her document #0000151202, she complained about the
6 original mailing with no PWC name or return address on the envelope. Also, she would like it to be
7 noted that she filed an Application to Intervene on 10/28/13, document # 0000149154. It took until
8 12/9/13 for the Procedural Order to Grant an Intervention, document #0000150398. In Payson Water
9 Company's Notice of Filing Rejoinder, document #0000150671, filed on January 6, 2014, Mr. Jason
10 Williamson in his testimony commented on SN's complaint about the Public Notice. He did not
11 comment on why the Public Notice mailing did not have PWC's name or return address on it. He stated,
12 "I think it is now fair to say every one of our customers is now aware (or at least should be) of these
13 proceedings through notice, word of mouth, and the numerous articles that have been published in the
14 Payson Roundup." Yes, in January of 2014, over 2 months after the Phase 1 Public Hearing held on
15 September 25, 2013, customers may now be aware. My voice and many other PWC customers were not
16 heard early enough to bring to light inconsistencies seen throughout this case, such as the \$775,000
17 proceeds from the Sale of Star/Quail Valley disappearing from the Company's 2012 Test financial
18 statements (except buried in footnotes at the end of the 279 page document) and the Water Hauling
19 Data inconsistencies and missing 2011 MdC Water Usage data, noted by SN in her document
20 #0000150673. Further, SN would like to point out that while Mr. Jason Williamson made this statement
21 in the Jan. 6th Rejoinder and SN has been an Intervenor in this case since Dec. 9th, 2013. However,
22 Payson Water Company did not copy SN on their list of Intervenor on this January 6th filing. (Exhibit J-
23 page 4, Jan. 6th, Joinder Testimony) The present Payson Water Company now run by Jason Williamson
24 appears to be using the same business model as used by Mr. Robert T. Hardcastle.

25
26 I Did receive Jan. 6th Rejoinder mailing at some
27 point, but did/do not have mailing envelope to
28 confirm postage date.
29
30
31

Correction/
Update

32 Respectfully submitted this 22nd day of January, 2014.

33
34 By Suzanne Nee

35 Suzanne Nee, Intervenor

36 2051 E. Aspen Drive

37 Tempe, AZ 85282
38
39
40
41
42

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7
8 **ORIGINAL** and thirteen (13) copies
9 of the foregoing were filed this 22nd
10 day of January, 2014 with:

11
12 Docket Control
13 Arizona Corporation Commission
14 1200 W. Washington Street
15 Phoenix, AZ 85007
16

17 **COPY** of the foregoing was mailed
18 this 22nd day of January, 2014 to:

19
20 Jay Shapiro (Attorney for Payson Water Co., Inc.)
21 Fennemore Craig P.C.
22 2394 E. Camelback Road, Suite 600
23 Phoenix, AZ 85016
24

J. Stephen Gehring & Richard M. Burt
8157 W. Deadeye Rd.
Payson, AZ 85541

25 Robert Hardcastle
26 3101 State Road
27 Bakersfield, CA 93308
28

Glynn Ross
405 S. Ponderosa
Payson, AZ 85541

29 William Sheppard
30 6250 North Central Avenue
31 Phoenix, AZ 85012
32

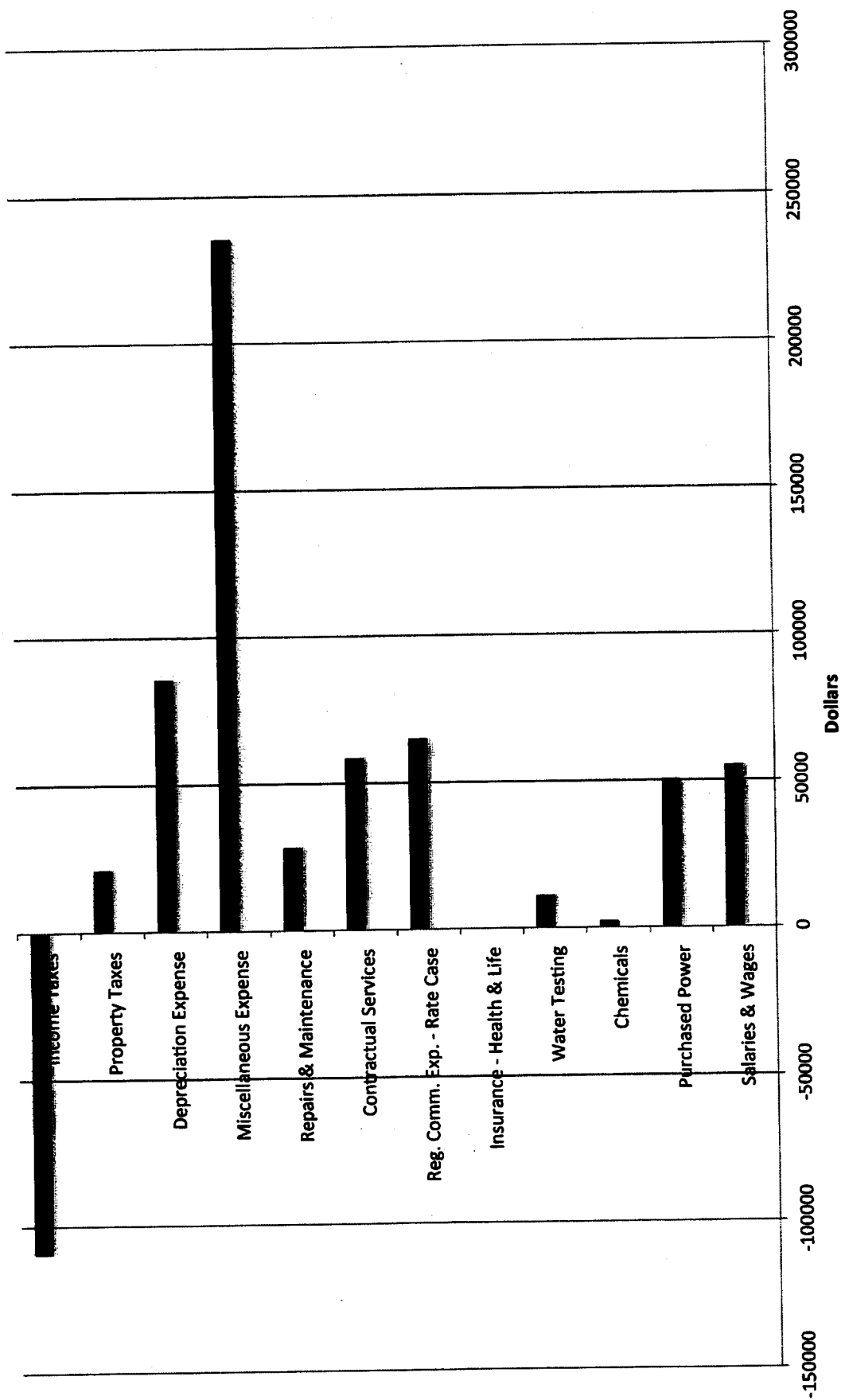
Kathleen M. Reidhead
14406 S. Cholla Canyon Dr.
Phoenix, AZ 85044

33 Thomas Bremer
34 6717 E. Turquoise Ave.
35 Scottsdale, AZ 85253
36
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Exhibit A

Company Test Year as Filed Expenses



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Exhibit B

On July 3, 2008, our elected officials of the Pine-Strawberry Water Improvement District voted to purchase the assets of Pine and Strawberry Water Companies. Their offer of \$2,172,446 was predicated on an appraisal done by the firm of Coe and Van Loo. Our water system is in a state of disrepair (see pictures), water shortages continue, massive hauling charges have occurred, and it is evident that we as a community have privately developed the means to provide an adequate source of water and enhance our quality of life.

To the owners of Brooke Utilities, and the directors of Jaco Oil and Crystal Investments: We appeal to you to negotiate in good faith and end your adversarial ways, so we may take control of our future and make the improvements that our water system needs. It has been ascertained beyond a reasonable doubt by hydro-geologists, (including your own) that there is significant, in fact billions of gallons of economically available water, located right under Pine and Strawberry.

Your California based, multi-layered firms are in trouble with your customers of Pine-Strawberry and numerous other communities. You have been continually called on the carpet by the Arizona Corporation Commission where Judge Dwight Nodes stated the following in the most recent case about Brooke Utilities:

- "Customers have a right to expect uninterrupted service except for emergencies."
- "Just because there is a moratorium in effect you don't get to sit back and not ever look for water again."
- "I think the Commission's concern is let's get a remedy in place to try to address some of these issues and to get beyond a moratorium situation."
- "At some point you have to actually put into place some additional infrastructure in the form of well production and storage" and "you can't just study it and study it and study it and not actually put something into place to solve the problem."
- "We have had these issues coming, you know, with Pine and Strawberry as well as this company, Payson (Water Company) for many years. But you know, again at some point enough is enough as far as just talking about it and something needs to be moved forward."

In response to all this from Judge Nodes, when Mr. Hardcastle (President-Brooke Utilities) was asked by Judge Nodes, "I don't know if you want to comment, Mr. Hardcastle, feel free?", Mr. Hardcastle's reply was, "No, your honor, I don't think I have any further comments."

It is no secret that Brooke Utilities has:

- Provided inadequate investment in development of new water resources in light of the fact that other water districts and individuals have found adequate water for years.
- Failed to provide adequate storage to meet peak demand spikes.
- Failed to perform adequate due diligence in terms of water development projects.
- Performed inferior repairs to our water system.
- Been notified numerous times by the ACC regarding poor customer relations and billing clarity.
- Burdened the people of Pine with unfair and unnecessary water hauling charges.

By almost a 2-1 margin, the people of Pine-Strawberry voted in a new Pine -Strawberry Water Improvement District Board to correct our water challenges with an aggressive and positive course of action.

To the Arizona Corporation Commissioners Gleason, Mundell, Mayes, Hatch-Miller, and Pierce: We request you to have the courage to carry out the convictions of Judge Nodes and do what reasonable and respected regulators should do. After all these miserable and expensive years for the ACC and the 4500 property owners (about 10,000 voters), your immediate and firm actions are demanded, especially now that a good and reasonable alternative is being laid before you that can stop the waste of staff time and limited ACC monetary resources. Please act now in behalf of yourselves and the citizens of Pine-Strawberry. The time has come to revoke the Certificate of Convenience and Necessity of Brooke Utilities in the Pine-Strawberry area.

To Steve Owens, Director of the Arizona Dept. of Environmental Quality: We request you enforce the statutes under your jurisdiction. We also request you make Brooke Utilities (Pine Water Company and Strawberry Water Company) comply and correct the defects in the systems that they were alerted to by ADEQ in a letter dated November 2, 2004 from your department to Robert Hardcastle. Four years later, numerous corrections are still needed to insure the public health and safety. (See pictures)

This ad paid for by the following:

Steve McDowell
Daria McDowell
Charlie Boyer
Becky Boyer
James Hall
Roxanne Hall
Suzi Wild
Don Hancock
David Richins
Becky Richins
Gino Wilcotti
Tina Wilcotti
Howard Young
Wilma Young
Jackie Cramer
Paul Cramer
James Hill
Sioux Hill
Karen Nelson
Julie Eckman
Dale Eckman
Mike Rosenstein

Mary Lowe
Cindy Lawson
Dennis McElroy
Jeff Niblock
Sally Niblock
Laura Hud
Jack R. Vonkes
Sandy Gier
Linda Murray
Cindy Maack
Bob Maack
Rim Plumbing
Ginger Bread House
Jane Fender
Ira Gibel
Roz Gibel
John Spinck
Susan Spinck
Judy Staab
Douglas E. Stabb
Cindy Windle
Ken D'Amonico

Mike Fish
Dale Oestman
Fran Oestman
John Cromer
Jane Wilcox
Ken O'Dell
Bill Suphan
Grace Suphan
Pat Roth
Gerald Rainey
Cave Doggett
Dianne Doggett
Larry Anderson
Karen Andeson
Sandra Schnieber
Kay Schnieber
Kristen Fish
William Albert
Bertha Albert
Arthur H. Simmons Sr.
Jon Shropshire
Monique Hardy

Suzanne Fumusa
Robert Randall
Sally Randall
Roger Miotto
Tammy Miotto
Bruce Brammer
Linda Brammer
John Bittner
Dwayne Harmon
Rosemary Harmon
Austin Myers
Mary Lou Myers
Ned Greenleaf
Richard Morley Jr.
Martha Jean Morley
Marvel Bennett Jr.
Joyce Franks
Fred Krafczyk
Raylene Davis
Jane Reddin
Herb Grau
Linda Grau

Matt Jones
Ed Miller
Patty Miller
Dave Fohr
Penny Smith
Larry Castle
RC Castle
Jan Armbruster
Bill Armbruster
Stan Taylor
Sherry Taylor
Fran Montgomery
Ken Tozi
Beverly Tozi
Patty Tozi
Carl Tozi
Dave Prechtel
Gary Rains
Rose Harper
Barbara Lauerman
Doyle Chaney
Dianne Mitchell



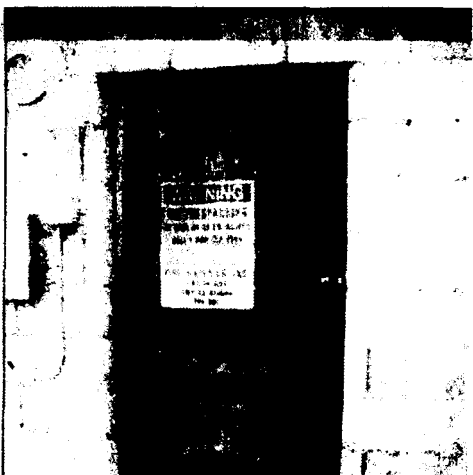
No Fence, No Locks, Wiring to Code?



No Fence, No Security



Exposed Pipe, Facility Disrepair



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Exhibit C

**PINE STRAWBERRY WATER IMPROVEMENT DISTRICT
PROPOSAL TO
BROOKES UTILITIES INC
FOR THE PURCHASE OF
PINE AND STRAWBERRY WATER COMPANIES**

As a Settlement Offer, subject to Rule 408 Arizona Rules of Evidence the Pine Strawberry Water Improvement District, an Arizona municipal corporation, hereby proposes to purchase, through a friendly condemnation, the Pine Water system and the Strawberry Water System on the terms and conditions hereinafter set forth:

I. PURCHASE OF ASSETS OF PINE WATER COMPANY AND STRAWBERRY WATER COMPANY

The Pine Strawberry Water Improvement District {hereinafter the "District"} will acquire from the Pine Water Company {PWC} and the Strawberry Water Company {SWC} {collectively the "Water Companies"} and Brooke Utilities {BUI} the following assets free and clear of any and all liens and encumbrances, the same to be inventoried by Pine Water Company and Strawberry Water Company and such inventory of assets to be provided the District for its approval as to precisely what assets are being conveyed, including but not limited to:

- A. Pine Water Company system; including but not limited to all property shown on any annual report or other report filed with the Arizona Corporation Commission or Arizona Department of Environmental Quality or Arizona Department of Water Resources, or any other federal state or local governmental agency or entity, and all of the following including appurtenances thereto: all pipes, pumps, meters,

distribution facilities, storage tanks, storage facilities, pressure tanks, wells, well sites, easements, real property, the K2 Well Site and any other property, real or personal owned by the Pine or Strawberry Water Companies located within the boundaries of the District. For all real property or interests therein conveyed, the Water Companies shall provide to the District legal descriptions of such property and a Standard Owners Policy of Title Insurance for such property, the value of said insurance to be equal to the value of the property being conveyed.

- B. Strawberry Water Company system; including but not limited to all property shown on any annual report or other report filed with the Arizona Corporation Commission or Arizona Department of Environmental Quality or Arizona Department of Water Resources, or any other federal state or local governmental agency or entity, and all of the following including appurtenances thereto, pipes, pumps, meters, distribution facilities, storage tanks, storage facilities, pressure tanks, wells, well sites, easements, real property, the K2 Well Site and any other property, real or personal owned by the Pine or Strawberry Water Companies located within the boundaries of the District. For all real property or interests therein conveyed, the Water Companies shall

provide to the District legal descriptions of such property and a Standard Owners Policy of Title Insurance for such property, the value of said insurance to be equal to the value of the property being conveyed

- C. Project Magnolia and all real and personal property connected thereto or therewith and all of its accessories and appurtenances, said real property conveyance to be subject to the requirements set forth above for Title insurance.
- D. All maps and other records of the water systems described above, including but not limited to records concerning quantity and quality of water, the condition of the system itself, customer information, customer lists, delinquency records of customers, and any other information in the possession of either Pine or Strawberry Water Company or Brookes Utilities or its agents or employees, pertaining to the current or historical operations of the water systems.
- E. All keys to any locked facilities, combination to any locks, and instruction or operation and maintenance manuals for all equipment and any and all operation and maintenance manuals for the entire system or any portion thereof.
- F. All customer water deposits and a record of the source of such deposits and the agreements for repayment of the same.

G. All advances in aid of construction or other forms of agreements whereby any third party has advanced funds to the Pine or Strawberry Water Companies with an expectation of being repaid such advances. Further any agreements pertaining thereto shall be assigned to the District.

H. All Well Sharing or Water Sharing Agreements to which either the Pine or Strawberry Water Companies are a party which are a part of the water supply system for the property being acquired hereunder.

I. All Governmental permits and approvals from any governmental agency with jurisdiction over the water systems shall be assigned to and delivered to the District, including but not limited to all approvals necessary and required from the Arizona Department of Water Resources and all approvals from the Arizona Department of Environmental Quality, including all plan or design approvals, approvals to construct and approvals to operate any part or all of the water system or systems.

II. DUE DILIGENCE INVESTIGATION

A. The District is granted the right and ability to conduct detailed due diligence related to the Assets of the Companies. This includes, but is not limited to:

a. A financial audit of each company's books, records and data management systems for the past five years.

b. An engineering financial and legal review and inspection of all company assets, financial rights and legal rights

c. Historical and current budgets, volumetric and customer data

d. Review of any outstanding Agreements to which the Water Companies are a party or have a beneficial interest or duty to perform described therein.

e. Review of any and all information in the possession of the Companies or any third parties which is relevant and material to the purchase of the assets to be conveyed by the Companies to the District.

f. Review of all documents to substantiate that the Companies have a valid, sustainable, continuous right of way for all water lines and other facilities of the Companies.

g. Review of any and all information and documentation which the District believes is relevant and material to this transaction to protect the District from any and all claims against the District arising out of this transaction, and further to assure that the District can lawfully operate the water system in accordance with all applicable federal, state and local laws and regulations.

III. THE PURCHASE PRICE

A. Contingent on District funding closing in a timely manner, not more than 120 days from the date of the entry of the judgment in the condemnation action brought to acquire said property, the Pine Strawberry Water Improvement District will pay the sum of \$2,000,000 for the property described herein, "as is on the date of acceptance of this offer" without

fees and costs and will further hold harmless and indemnify each party against the other for any claims arising out of the transaction and will mutually indemnify the parties for claims arising out of any undisclosed matters in the preparation of and closing of this transaction.

This proposal is hereby submitted to the Pine and Strawberry Water Companies and to Brooke Utilities this ____ day of April, 2008.

Pine Strawberry Water Improvement District

By _____,
its lawfully delegated representative.

Accepted this ____ day of April, 2008

PINE WATER COMPANY

Its President

STRAWBERRY WATER COMPANY

Its President

BROOKE UTILITIES INC.

Its President

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Exhibit D

ADVERTISEMENT



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Pine Strawberry Water Company Purchase Completed

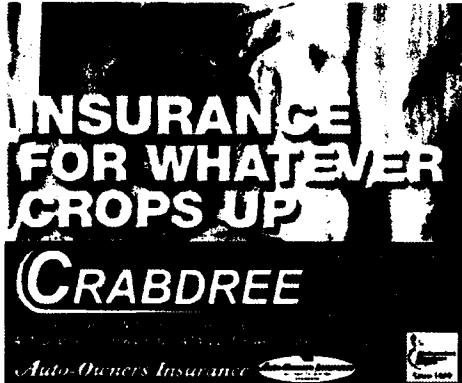
Max Foster

Friday, October 2, 2009

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The Pine Strawberry Water Improvement District's long and taxing quest to take control of Pine and Strawberry water companies from Brooke Utilities peaked Wednesday, Sept. 30, with the board paying the purchase price of \$3.5 million.

Board President Bill Haney, who spearheaded the effort to assume control of the two water companies, signaled the sale was complete by e-mailing fellow board members, "at 11:40 (a.m.) this morning, the fat lady sang."

Ironically, about the time the purchase deal was signed, water conservation in Pine went to Stage 3 — the most restrictive it has been this summer.

"Just another challenge," Haney said.

After the deal was made public, a sign went up on the Bishop Realty marquee in Pine that read, "Bye, Bye Bobby," apparently referring to Brooke Utilities President Bob Hardcastle, a man some water users and businessmen in the two mountain hamlets have had a long and contentious relationship with.

In fact, Hardcastle shouldered much of the blame for the two water companies' woes, which included alleged poor customer service, infrastructure failures, water hauling charges during peak summer months and water outages.

Water users' concerns with the way Hardcastle and Brooke Utilities were running the two systems led in March of 2008 to a successful recall election of the PSWID board. Ron Calderon, Richard Dickinson, Michael Greer and Terry Schleizer assumed seats on the board, along with remaining members Barbara Hall, Don Smith and Haney.

Hall later resigned in a tiff with fellow members, and was replaced by local businessman Tom Weeks.

Smith, a longtime Strawberry resident and local dentist, says the movement to take control of the water systems actually began about 15 years ago, "by some farsighted men in the Pine-Strawberry Improvement Association."

From that original group, the PSWID was formed.

"Under the leadership of Bill Haney, (general manager) Harry Jones and (board attorney) John Gilege, the task was accomplished by perseverance and hard work," Smith said.

He also called the long-awaited takeover "an accomplishment of the impossible dream."

Schleizer cited Compass Bank for its role in the takeover — "Thank you for taking part in our community."

The money to purchase the two companies came from a restructured Compass Bank loan at 20-year fixed and variable rates.

Schleizer also congratulated the residents of the improvement district, telling them, "You now control the destiny of your water systems."

Although the district has assumed control of the water companies, Brooke has agreed to help with the transition of all operations for 15 days.

With the takeover, Shaffer Water Management will assume operations for the district. Steve Stevens and Pat Kolasinski will manage the water service office in Pine, and a contract has been issued to A Better Connection for emergency services and afterhours answering.

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District sues for control

Water company purchase delayed

Water company take over by PSWID stopped

5 seek 4 spots on Pine/Strawberry water board

Three seek open P-S water board spot

Comments

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Exhibit E

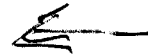
Payson Water Company - Per ACC Filed
Annual Reports Data

	2005	2006	2007	2008	2009	2010	2011	2012	Total Misc. Expense 2005-2012
<i>498,678</i> Total Revenue	492,533	517,968	516,296	533,683	471,587	447,464	497,039	394,908	
Misc. Expense	41,752	61,243	102,451	204,748	214,601	248,909	231,299	249,525	1,354,528
% Misc.	8.3%								
Expense/Total Revenue	8.3%	11.8%	19.8%	38.4%	45.5%	55.6%	46.5%	63.2%	
<i>16.7%</i> Total Operating Expense	418,814	399,654	480,051	551,272	550,514	558,716	589,764	592,977	
Operating Profit/(Loss)	73,721	118,314	36,245	-17,589	-78,927	-111,252	-92,725	-198,069	
Retained Earnings	33,502	150,803	190,153	192,379	113,299	-513,976	-607,360	-33,872	

Note: 2010
also had Misc.
Non-Utility
Expense of
516,000

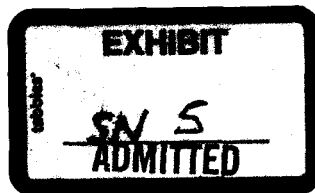
Note: 2012
also had Non-
Utility Income
of \$771,571 -
Condemnation
Sale of Star
Valley/Quail V.

corrections



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Exhibit F



Suzanne Nee
2051 E. Aspen Drive
Tempe, AZ 85282
Telephone: 602-451-0693

RECEIVED

2014 JAN 31 P 1:32 ORIGINAL

BEFORE THE ARIZONA CORPORATION COMMISSION

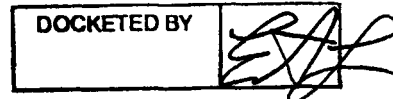
IN THE MATTER OF THE APPLICATION
OF PAYSON WATER CO., INC., AN
ARIZONA CORPORATION, FOR A
DETERMINATION OF THE FAIR VALUE
OF ITS UTILITY PLANTS AND
PROPERTY AND FOR INCREASES IN ITS
WATER RATES AND CHARGES FOR
UTILITY SERVICE BASED THEREON.

DOCKET NO: W-03514A-13-0111

Arizona Corporation Commission

DOCKETED

JAN 31 2014



IN THE MATTER OF THE APPLICATION
OF PAYSON WATER CO., INC., AN
ARIZONA CORPORATION, FOR
AUTHORITY TO: (1) ISSUE EVIDENCE
OF INDEBTEDNESS IN AN AMOUNT
NOT TO EXCEED \$1,238,000 IN
CONNECTION WITH INFRASTRUCTURE
IMPROVEMENTS TO THE UTILITY
SYSTEM; AND (2) ENCUMBER REAL
PROPERTY AND PLANT AS SECURITY
FOR SUCH INDEBTEDNESS.

DOCKET NO: W-03514A-13-0142

SUPPLEMENT TO PRE-FILED
TESTIMONY

SECOND SET OF DATA REQUESTS
FROM PAYSON WATER CO., INC.
TO SUZANNE NEE

2.1. Admit that the previous stockholder of PWC was Brooke Utilities. If you deny this data request, please explain with specificity the basis for your denial.

I do not have a Finance degree, but my understanding is that Brooke Utilities does own the subsidiaries of Payson Water Company, Tonto Basin Water Company, and Navajo Water Company. BUI thus owns the stock of those subsidiaries. But Mr. Robert T. Hardcastle, who owns Brooke Utilities, Inc. would be the ultimate shareholder of these stocks.

1 2.2. Admit that PWC cannot raise its own rates. If you deny this data request, please explain with
2 specificity the basis for your denial.

3
4 PWC cannot raise its own rates. It must submit an Application for a rate increase to the Arizona
5 Corporation Commission. It is the Arizona Corporation Commission's responsibility to allow customers
6 to participate in these proceedings to make sure that the rates imposed on customers are "fair and
7 reasonable" to both the company and its customers.

8
9
10 2.3. Admit that PWC never sought or received a rate increase during the period of time that it was
11 owned and operated by Brooke Utilities. If you deny this data request, please explain with specificity
12 the basis for your denial.

13
14 To my knowledge, PWC never sought or received a rate increase during the period of time that it was
15 owned and operated by Brooke Utilities.

16
17
18 2.4. Identify the exact amounts of the expenses referenced in your responsive testimony (at p.2,
19 ls.13-15) and explain your basis for testifying that such expenses are "high".

20
21 1) High legal expenses:

22 From ACC Analyst Ms Crystal Brown's Testimony Schedule CSB-7, line 21 of Operating Income, Company
23 Test year as filed, shows Reg. Comm. Exp. - Rate Case of \$65,000 for 2012. She allows this amount in,
24 not adjusting it to average the cost over several years.

25
26 2) From ACC Analyst Ms Crystal Brown's Surrebuttal Schedule CSB-11

27 Line 1 - Miscellaneous Expenses as filed by Company 2012: \$37,531. This amount is greater than the
28 sum total of ALL Miscellaneous Expenses that PWC claimed on their 2001 Annual Report filed with the
29 Corporation Commission. PWC's Total Misc. Expenses in 2001 were \$36,067.

30
31 Line 14 - Salaries & Wages \$47,998.99.

32
33 Line 27) Professional Fees: \$31,210.70

34
35 Line 27) Management Fees: \$13,281.62

36
37 3) High Miscellaneous Expenses- SN noted in her document #0000150673, pg. 2, paragraphs 4-8, 3 other
38 actually private owned water companies in Arizona with a Misc. Expense to Total Operating Expenses of
39 2.7%, 1.22%, and 2.1%. Compared to PWC's 44.6%, 39.2%, and 42.1% of Misc. Expense to Total
40 Operating Expense 2010-2012, respectively.

1 Also, see attached Exhibit A- DR2_SN, PWC_Notable Costs_Vs Misc Expenses.

2
3 Mr. Hardcastle in his original Testimony document # W-03514A-B, pg. 5, ls. 15-21,
4 Have there been any recent, significant changes or increases in Operating Expenses? Yes. During the
5 last several years, PWC's costs to do business have increased as other businesses have experienced the
6 same thing. The most notable expense increases are related to electrical utility costs,
7 insurance costs, property taxes, telephone costs, and chemical costs related to water treatment.
8 Otherwise, legal costs and expenses related to customer litigation, in significant part resulting from past
9 Commission recommendations, have caused the Company's costs to increase significantly.

10
11 The spreadsheet clearly shows the expenses Mr. Hardcastle claims are causing PWC to need a rate
12 increase, are actually -4.8% since 2001. It is the Misc. Expenses that have increased from \$36,067 in
13 2001 to \$249,525 in 2012, an almost 600% increase. Nearly all of this to fund his Central Office
14 Allocated costs. \$249,525/12 months per year/1499 customers (includes Star/Quai Valley customers) =
15 \$13.87 per month per customer to fund his Central Office allocation.

16
17 2.5. Admit that at least four different legal actions are pending against PWC. If you deny this data
18 request, please explain with specificity the basis for your denial.

19
20 I can believe there are four different legal actions that are pending against PWC.

21
22 2.6. If customers and/or landowners in the Company's service territory sue the Company, why
23 shouldn't the cost of defending such lawsuits be recovered as an operating expense as you appear to be
24 asserting in your response testimony (at p.3, ls. 31-35)?

25
26 Coming from private industry, if a company does something that causes harm to its customers, the
27 company can face legal actions. However, the harmed customers don't have to pay the legal fees. I
28 suppose it is legal for Payson Water Company to expense the company and thus us, its customers, for
29 our claims that we've been treated unfairly.

30
31 2.7. For each of the three utilities you identify in your response testimony (at p.3, ls. 25-30), using
32 the 2012 calendar year, state the number of customers served, the rate base, the total operating
33 expenses, the amount of each individual operating expense, and the specific expenses and amounts
34 included by that entity in Miscellaneous expense.

35
36 1) Valencia Water Company(Greater Buckeye)- This data can be found in the company's annual report
37 at:

38 [http://www.azcc.gov/Divisions/Utilities/Annual%20Reports/2012/Water/Valencia_Water_Company_Inc](http://www.azcc.gov/Divisions/Utilities/Annual%20Reports/2012/Water/Valencia_Water_Company_Inc_(Greater_Buckeye_Division).pdf)
39 [_\(Greater_Buckeye_Division\).pdf](http://www.azcc.gov/Divisions/Utilities/Annual%20Reports/2012/Water/Valencia_Water_Company_Inc_(Greater_Buckeye_Division).pdf)

40 2) Adaman Mutual Water Company:

41 [http://www.azcc.gov/Divisions/Utilities/Annual%20Reports/2012/Water/Adaman_Mutual_Water_Com](http://www.azcc.gov/Divisions/Utilities/Annual%20Reports/2012/Water/Adaman_Mutual_Water_Company.pdf)
42 [pany.pdf](http://www.azcc.gov/Divisions/Utilities/Annual%20Reports/2012/Water/Adaman_Mutual_Water_Company.pdf)

43 3) Ponderosa Utility:

1 http://www.azcc.gov/Divisions/Utilities/Annual%20Reports/2012/Water/Ponderosa_Utility_Corporatio
2 [n.pdf](http://www.azcc.gov/Divisions/Utilities/Annual%20Reports/2012/Water/Ponderosa_Utility_Corporatio)

3
4
5 2.8. State with specificity each and every "repair" or "maintenance" activity you believe is necessary
6 to be undertaken with respect to wells in EVP and MDC as claimed in your response testimony at p.3, ls.
7 37-41, and for each such activity state the estimate cost to complete.

8
9 Again, see Exhibit A, in 2001, PWC paid \$0 for Repairs & Maintenance, then \$144 in 2002, \$98 in 2003,
10 \$0 again in 2004, \$16,552 in 2005, \$0 in 2006, \$0 in 2007, then suddenly in 2008 Repairs & Maintenance
11 start to climb from \$12,273, to \$20,684, \$15,492, \$22,692, \$27,774 in 2009 through 2012, respectively.
12 At the Public Comment Hearing on Jan. 8th and in several letters written to the ACC from customers,
13 many customers have noted no improvements in their systems with items ranging from exposed pipes,
14 to low pressure.

15
16 I am a ratepayer, not a water company engineer or technician. I do not have the knowledge of exactly
17 what needs to be done to properly maintain a pump and water system and its associated costs.

18
19 2.9. State with specificity the estimated cost to drill a well in MDC as you recommend the Company
20 do in your response testimony at p.3, ls. 37-41, and for each such activity state the estimate cost to
21 complete. In answering this request, state the location where such well should be drilled, the depth, the
22 size, the type ad cost of the pump for the well you recommend the Company drill in MDC.

23
24 Again, I am a ratepayer, I simply noted in my document #0000150673, that PWC has increased the
25 gallons pumped at MdC from 6,824 (Thousand) gallons pumped in 2006 to 13,635 (Thousand) gallons
26 pumped in 2012 for a 99.8% increase in gallons pumped. I also pointed out that the gallons sold to MdC
27 were 12,943 (Thousand) gallons, which are lower than the 13,635 (Thousand) gallons pumped in 2012.

28
29 Mr. Williamson's Supplemental Rejoinder Testimony, January 15th on pg. 6, ls. 15-21, states, "After
30 researching, the Company determined that the figures provided in the 2012 annual report were both
31 incomplete and incorrect." (Here he is referring to PWC Water Use Data in annual reports.)

32
33 I am not a hydrology engineer, I cannot answer where or how much drilling at MdC should cost. The
34 company has the knowledge to determine this information.

35
36
37
38
39
40 2.10. Do you have any hydrologic, geologic, or hydrogeologic evidence to support your belief that
41 another well can be drilled in MDC and that such well would be sufficiently productive to justify the
42 cost?

1 I reference the 9 new wells since 2011 is from my Supplement to Pre-Filed Testimony on 1/7/14,
2 Document #150679, Exhibit KMR-G.

3
4 2.11. If the Company drills a new well in MDC as you recommend, and that well fails to produce an
5 adequate amount of water, will you still be willing to pay rates that include a recovery on and of the cost
6 of the well you recommend the Company drill?

7 I am not the President of PWC, but it seems possible to divert some of the expenses spent of the Central
8 Office to paying the expense of drilling a new well.

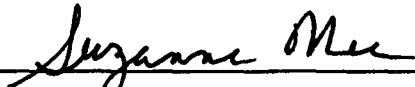
9
10 2.12. State with specificity your basis for claiming (at p.3, ls. 37-38 of your response testimony) that
11 the Company has "not maintained or improved the water infrastructure of these communities in at least
12 13 years". In answering this request, identify and include any and all evidence in your possession to
13 support your testimony.

14
15 See Exhibit A Repairs & Maintenance PWC 2001-2012. Also, testimony from Customers at the Public
16 Comment Hearing, and I also reference Consumer Comments, Document # 0000150047 from Lanny A.
17 Kope, EdD, Mead Ranch, "This company has made no capital improvements to the system nor has it
18 provided any enhancements which warrant such an exorbitant rate increase. The water service is the
19 same as it was when I first built my home in 1961. It is a gravity flow system where water is pumped up
20 to a holding tank and then dispensed by gravity to my home. The water pressure is minimal and has
21 never been improved. To get adequate pressure for washing off a porch, for example, requires a booster
22 pump be installed."

23
24 2.13. Admit that you were served a copy of the Company's rejoinder testimony by mail the day it was
25 filed, January 6, 2014. If you deny this data request, please explain with specificity the basis for your
26 denial.

27
28 Yes, I admit that the Company's rejoinder testimony did eventually get to my address.

29
30
31
32
33 Respectfully submitted this 31st day of January, 2014.

34 By 
35 Suzanne Nee, Intervenor
36 2051 E. Aspen Drive
37 Tempe, AZ 85282
38
39
40

41 ORIGINAL and thirteen (13) copies
42 of the foregoing were filed this 31st
43 day of January, 2014 with:

Docket Control
Arizona Corporation Commission
1200 W. Washington Street
Phoenix, AZ 85007

COPY of the foregoing was mailed
this ^{31st} ~~20th~~ day of ^{January 2014} ~~December~~, 2013 to:
S.N

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Exhibit A

Source: Payson Water Company Annual Reports filed with the ACC

Most notable expense increases:

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	
electrical utility costs	40,032	36,847	34,522	35,419	46,564	47,751	39,570	50,478	60,817	60,310	60,782	56,482	
insurance costs	5822	8,767	9,545	9,217	9,762	6,270	7,038	2,652	2,210	2,374	2,614	266	
property taxes	25,470	23,435	22,328	27,527	27,527	28,247	27,009	11,567	35,237	23,634	24,892	11,127	
telephone costs*													01-'12 % Change
chemical costs related to water treatment	0	604	3,137	3,455	1038**	470	1,878	4,455	3,491	42	0	0	"Notable" Costs
TOTAL OF "NOTABLE COSTS"	71,324	69,653	69,532	75,618	83,853	82,738	75,495	69,152	101,755	86,360	88,288	67,875	-4.8%
Regulatory Commission Expense - Rate Case	0	0	0	0	45	3408	1182	45	1381	0	0	0	01-'12 % Change
Miscellaneous expenses	36,067	31,532	39,178	41,751	83,394	61,243	102,451	204,748	214,601	248,909	231,299	249,525	Misc. Expenses
Total Revenue	445,163	476,060	494,390	492,535	498,678	517,968	516,296	533,683	471,587	447,464	497,039	394,908	591.8%
Misc. Exp/Total Revenue	8.10%	6.62%	7.92%	8.48%	16.72%	11.82%	19.84%	38.37%	45.51%	55.63%	46.54%	63.19%	
Repairs & Maintenance	0	144	98	0	16,552***	0	0	12,273	20,684	15,492	22,692	27,774	

Document No: W-03514A-13, Application, Direct Testimony Robert T. Hardcastle, pg. 5 lines 15-21.

Have there been any recent, significant changes or increases in Operating Expenses? Yes. During the last several years, PWC's costs to do business have increased as other businesses have experienced the same thing. The most notable expense increases are related to electrical utility costs, insurance costs, property taxes, telephone costs, and chemical costs related to water treatment. Otherwise, legal costs and expenses related to customer litigation, in significant part resulting from past Commission recommendations, have caused the Company's costs to increase significantly.

NOTE: Mr. Hardcastle does not mention Miscellaneous Expenses (nor Repair & Maintenance costs) as notable increases.

*Telephone costs not shown on PWC Annual Reports

**On 2005 Annual Report Chemical Costs = \$1,038, but on 2006 Annual Report's Previous Year data says \$3,455.

***On 2005 Annual Report Repairs & Maintenance Expense \$16,552, but 2006 Annual Report's prior year which should be 2005, actually lists 2004 Annual Data.

	Miscellaneous Expenses		
	2009	2010	2011
Brooke Utilities, Inc.			
Payson W.C	214,601	248,909	231,299
Tonto W.C	127,281	151,160	126,813
Navajo W.C	48,707	63,892	52,056
Total per Year	390,589	463,961	410,168
			446,856
			1,711,574
			2009-2012 Brooke Utilities, Inc. Misc. Expenses

NOTE: ALL 3 Payson, Tonto Basin, and Navajo Water Companies had Miscellaneous Non-Utility Expenses totaling \$668,000 in 2010

516,000
103,000
49,000

Sum: 668,000

	Miscellaneous Expenses		
	2009	2010	2011
Exhibit B			
Brooke Utilities, Inc.			
Payson W.C	214,601	248,909	231,299
Tonto W.C	127,281	151,160	126,813
Navajo W.C	48,707	63,892	52,056
Brooke Water	331,642	383,368	317,683
Circle City W.C.	30,680	34,720	34,036
Total per Year	752,911	882,049	761,887
			811,152
			3,207,999
			2009-2012 Total
			Robert Hardcastle WC Businesses Misc. Expenses
			Average per Year
			801,999.75

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 302,428	\$ 300,836
460	Unmetered Water Revenue		
474	Other Water Revenues	9,785	5,648
	TOTAL REVENUES	\$ 312,213	\$ 306,484
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 25,419	\$ 26,131
610	Purchased Water		
615	Purchased Power	41,155	33,795
618	Chemicals		
620	Repairs and Maintenance	7,365	17,315
621	Office Supplies and Expense		
630	Outside Services	286	
635	Water Testing	7,411	7,386
641	Rents		
650	Transportation Expenses		
657	Insurance - General Liability		
659	Insurance - Health and Life	883	115
666	Regulatory Commission Expense - Rate Case		
675	Miscellaneous Expense	126,813	143,686
403	Depreciation Expense	48,984	49,291
408	Taxes Other Than Income		
408.11	Property Taxes	14,249	15,314
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 272,565	\$ 293,033
	OPERATING INCOME/(LOSS)	\$ 39,648	\$ 13,451
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	5	3
	TOTAL OTHER INCOME/(EXPENSE)	\$ 5	\$ 3
	NET INCOME/(LOSS)	\$ 39,643	\$ 13,454

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 295,425	\$ 302,428
460	Unmetered Water Revenue		
474	Other Water Revenues	5,586	9,785
	TOTAL REVENUES	\$ 301,011	\$ 312,213
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 28,655	\$ 25,419
610	Purchased Water		
615	Purchased Power	31,009	41,155
618	Chemicals		
620	Repairs and Maintenance	12,648	7,365
621	Office Supplies and Expense		
630	Outside Services	2,931	286
635	Water Testing	7,481	7,411
641	Rents		
650	Transportation Expenses		
657	Insurance - General Liability		
659	Insurance - Health and Life	1,476	883
666	Regulatory Commission Expense - Rate Case		
675	Miscellaneous Expense	151,160	126,813
403	Depreciation Expense	39,490	48,984
408	Taxes Other Than Income		
408.11	Property Taxes	12,915	14,249
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 287,765	\$ 272,565
	OPERATING INCOME/(LOSS)	\$ 13,246	\$ 39,648
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses	(103,000)	
427	Interest Expense	(13)	5
	TOTAL OTHER INCOME/(EXPENSE)	\$ (103,013)	\$ 5
	NET INCOME/(LOSS)	\$ (89,767)	\$ 39,643

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 310,706	\$ 295,425
460	Unmetered Water Revenue		
474	Other Water Revenues	5,168	5,586
	TOTAL REVENUES	\$ 315,874	\$ 301,011
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 37,755	\$ 28,655
610	Purchased Water	265	
615	Purchased Power	31,326	31,009
618	Chemicals	1,343	
620	Repairs and Maintenance	9,356	12,648
621	Office Supplies and Expense		
630	Outside Services	7,580	2,931
635	Water Testing	7,175	7,481
641	Rents	405	
650	Transportation Expenses		
657	Insurance - General Liability		
659	Insurance - Health and Life	1,054	1,476
666	Regulatory Commission Expense - Rate Case		
675	Miscellaneous Expense	127,281	151,160
403	Depreciation Expense	37,470	39,490
408	Taxes Other Than Income		
408.11	Property Taxes	20,040	12,915
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 281,050	\$ 287,765
	OPERATING INCOME/(LOSS)	\$ 34,824	\$ 13,246
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		(103,000)
427	Interest Expense	(96)	(13)
	TOTAL OTHER INCOME/(EXPENSE)	\$ (96)	\$ (103,013)
	NET INCOME/(LOSS)	\$ 34,728	\$ (89,767)

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 106,913	\$ 101,932
460	Unmetered Water Revenue		
474	Other Water Revenues	4,444	3,460
	TOTAL REVENUES	\$ 111,357	\$ 105,392
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 12,978	\$ 11,667
610	Purchased Water		
615	Purchased Power	10,134	10,186
618	Chemicals		
620	Repairs and Maintenance	6,487	11,813
621	Office Supplies and Expense		
630	Outside Services	3,375	4,925
635	Water Testing	3,112	2,306
641	Rents		
650	Transportation Expenses		
657	Insurance – General Liability		
659	Insurance - Health and Life	434	65
666	Regulatory Commission Expense – Rate Case		
675	Miscellaneous Expense	52,056	53,645
403	Depreciation Expense	10,889	11,050
408	Taxes Other Than Income		
408.11	Property Taxes	4,647	5,865
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 100,778	\$ 111,522
	OPERATING INCOME/(LOSS)	\$ 10,579	\$ (6,130)
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	(3)	(5)
	TOTAL OTHER INCOME/(EXPENSE)	\$ (3)	\$ (5)
	NET INCOME/(LOSS)	\$ 10,576	\$ (6,135)

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 106,448	\$ 106,913
460	Unmetered Water Revenue		
474	Other Water Revenues	3,756	4,444
	TOTAL REVENUES	\$ 110,204	\$ 111,357
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 14,785	\$ 12,978
610	Purchased Water		
615	Purchased Power	7,914	10,134
618	Chemicals		
620	Repairs and Maintenance	3,723	6,487
621	Office Supplies and Expense		
630	Outside Services	200	3,375
635	Water Testing	2,350	3,112
641	Rents		
650	Transportation Expenses		
657	Insurance - General Liability		
659	Insurance - Health and Life	946	434
666	Regulatory Commission Expense - Rate Case		
675	Miscellaneous Expense	63,892	52,056
403	Depreciation Expense	10,889	10,889
408	Taxes Other Than Income		
408.11	Property Taxes	4,367	4,647
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 109,066	\$ 100,778
	OPERATING INCOME/(LOSS)	\$ 1,138	\$ 10,579
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses	(49,000)	0
427	Interest Expense	(5)	(3)
	TOTAL OTHER INCOME/(EXPENSE)	\$ (49,005)	\$ (3)
	NET INCOME/(LOSS)	\$ (47,867)	\$ 10,576

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 108,219	\$ 106,448
460	Unmetered Water Revenue		
474	Other Water Revenues	2,671	3,756
	TOTAL REVENUES	\$ 110,890	\$ 110,204
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 5,270	\$ 14,785
610	Purchased Water		
615	Purchased Power	7,889	7,914
618	Chemicals		
620	Repairs and Maintenance	3,262	3,723
621	Office Supplies and Expense		
630	Outside Services	24,194	200
635	Water Testing	2,615	2,350
641	Rents		
650	Transportation Expenses		
657	Insurance – General Liability		
659	Insurance - Health and Life	198	946
666	Regulatory Commission Expense – Rate Case		
675	Miscellaneous Expense	48,707	63,892
403	Depreciation Expense	10,536	10,889
408	Taxes Other Than Income		
408.11	Property Taxes	7,150	4,367
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 109,821	\$ 109,066
	OPERATING INCOME/(LOSS)	\$ 1,069	\$ 1,138
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		(49,000)
427	Interest Expense	(35)	(5)
	TOTAL OTHER INCOME/(EXPENSE)	\$ (35)	\$ (49,005)
	NET INCOME/(LOSS)	\$ 1,034	\$ (47,867)

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 824,234	\$ 814,661
460	Unmetered Water Revenue		
474	Other Water Revenues	29,120	23,893
	TOTAL REVENUES	\$ 853,354	\$ 838,554
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 77,594	\$ 67,180
610	Purchased Water	108	61
615	Purchased Power	39,039	37,293
618	Chemicals	6,168	7,484
620	Repairs and Maintenance	42,039	40,183
621	Office Supplies and Expense	965	896
630	Outside Services	2,472	2,493
635	Water Testing	9,717	17,844
641	Rents		
650	Transportation Expenses		
657	Insurance – General Liability		
659	Insurance - Health and Life	9,024	7,031
666	Regulatory Commission Expense – Rate Case		
675	Miscellaneous Expense	317,683	340,861
403	Depreciation Expense	69,000	71,680
408	Taxes Other Than Income		
408.11	Property Taxes	25,326	27,126
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 599,135	\$ 620,132
	OPERATING INCOME/(LOSS)	\$ 254,219	\$ 218,422
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income	(2,000)	
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	(17)	(31)
	TOTAL OTHER INCOME/(EXPENSE)	\$ (2,017)	\$ (31)
	NET INCOME/(LOSS)	\$ 252,202	\$ 218,391

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 56,383	\$ 54,329
460	Unmetered Water Revenue		
474	Other Water Revenues	2,811	1,574
	TOTAL REVENUES	\$ 59,194	\$ 55,903
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 12,439	\$ 6,472
610	Purchased Water	58,980	58,980
615	Purchased Power	11,156	10,039
618	Chemicals		
620	Repairs and Maintenance	1,504	1,278
621	Office Supplies and Expense		
630	Outside Services	5,678	325
635	Water Testing	1,973	947
641	Rents		
650	Transportation Expenses		
657	Insurance - General Liability		
659	Insurance - Health and Life	1,035	200
666	Regulatory Commission Expense - Rate Case		
675	Miscellaneous Expense	34,036	23,435
403	Depreciation Expense	16,689	25,847
408	Taxes Other Than Income		
408.11	Property Taxes	3,120	3,122
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 146,610	\$ 130,645
	OPERATING INCOME/(LOSS)	\$ (87,416)	\$ (74,742)
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$ 43	\$
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	(3)	(2)
	TOTAL OTHER INCOME/(EXPENSE)	\$ 41	\$ (2)
	NET INCOME/(LOSS)	\$ (87,375)	\$ (74,744)

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Exhibit G

OPERATING INCOME - TEST YEAR AND STAFF RECOMMENDED

LINE NO.	DESCRIPTION	(A) COMPANY TEST YEAR AS FILED	(B) STAFF TEST YEAR ADJUSTMENTS	ADJ NO.	(C) STAFF TEST YEAR AS ADJUSTED	(D) STAFF PROPOSED CHANGES	(E) STAFF RECOMMENDED
REVENUES:							
1	Metered Water Sales	\$ 313,559			\$ 313,559	\$ 241,822	\$ 555,381
2	Water Sales - Unmetered	-	-		-	-	-
3	Other Operating Revenues	6,966	-		6,966	-	6,966
4	Total Revenues	\$ 320,525	\$ -		\$ 320,525	\$ 241,822	\$ 562,347
EXPENSES:							
7	Salaries and Wages	\$ 55,097	\$ -	1	\$ 55,097	\$ -	\$ 55,097
8	Employee Pensions & Benefits	-	-		-	-	-
9	Purchased Power	50,533	-		50,533	-	50,533
10	Fuel for Power Production	-	-		-	-	-
11	Chemicals	2,181	-		2,181	-	2,181
12	Repairs and Maintenance	28,089	-		28,089	-	28,089
13	Office Supplies & Expense	-	-		-	-	-
14	Contractual Services	58,481	(1,683)	2	56,798	-	56,798
15	Water Testing	11,000	-		11,000	-	11,000
16	Rents	-	-		-	-	-
17	Transportation Expenses	-	-		-	-	-
18	Insurance - General Liability	-	-		-	-	-
19	Insurance - Health and Life	266	-		266	-	266
20	Reg. Comm. Exp.	-	-		-	-	-
21	Reg. Comm. Exp. - Rate Case	65,000	-		65,000	-	65,000
22	Miscellaneous Expense	235,253	(58,124)	3,4,5	177,129	-	177,129
23	Bad Debt Expense	-	-		-	-	-
24	Depreciation Expense	85,632	(26,198)	6	59,434	-	59,434
25	Taxes Other Than Income	-	-		-	-	-
26	Property Taxes	21,030	(1,052)		19,978	5,024	25,002
27	Income Taxes	(109,557)	34,219	7	(75,338)	79,949	4,611
28	Rounding	(1)	-		(1)	-	(1)
29		-	-		-	-	-
30	Total Operating Expenses	\$ 503,004	\$ (52,838)		\$ 450,166	\$ 84,973	\$ 535,139
31							
32	Operating Income (Loss)	\$ (182,479)	\$ 52,838		\$ (129,641)	\$ 156,849	\$ 27,208

References:

Column (A): Company Schedule C-1
Column (B): Schedule CSB-16
Column (C): Column (A) + Column (B)
Column (D): Schedules CSB-1 and CSB-2
Column (E): Column (C) + Column (D)

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Exhibit H

OPERATING INCOME ADJUSTMENT NO. 3 - \$197,722 Corporate Office Allocation

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED	(B) STAFF ADJUSTMENTS (Col C - Col A)	(C) STAFF AS ADJUSTED
1	Miscellaneous Expense	\$ 37,531	\$ -	\$ 37,531
2				
3	Central Office Overhead Allocation	\$ 197,722	\$ -	\$ 197,722
4	Bonuses	\$ -	\$ (33,545)	\$ (33,545)
5	Star/Quail Valley Costs	\$ -	\$ (9,466)	\$ (9,466)
6	Other (Advertising, Fines, Utility Plant, Gain on Sale)	\$ -	\$ (249)	\$ (249)
7	Subtotal - Central Office Overhead Allocation	\$ 197,722	\$ (43,289)	\$ 154,433
8				
9	Total Miscellaneous Expense (L1 + L7)	\$ 235,253	\$ (43,289)	\$ 191,964

\$197,722 Central Office Overhead Allocation (CSB 1.13, 2.8, 2.10, 2.11, & 2.12)				
Description	Per Company	Difference	Per Staff	
Salaries & Wages	\$ 47,998.99	\$ (4,307.76)	\$ 43,691.23	
Salaries & Wages, Bonuses	\$ 33,544.82	\$ (33,544.82)	\$ -	
Payroll Taxes	\$ 4,939.37	\$ (634.31)	\$ 4,305.06	
Benefits	\$ 3,810.35	\$ (489.32)	\$ 3,321.03	
Building Occupancy Expenses	\$ 81.43	\$ -	\$ 81.43	
Utilities	\$ 3,182.87	\$ -	\$ 3,182.87	
Communications	\$ 7,679.43	\$ -	\$ 7,679.43	
Travel	\$ 13,911.85	\$ -	\$ 13,911.85	
Meals & Entertainment	\$ 577.95	\$ -	\$ 577.95	
Lodging	\$ 2,135.89	\$ -	\$ 2,135.89	
Supplies (Office Expenses)	\$ 14,640.49	\$ (1,881.40)	\$ 12,759.09	
Repairs and Maintenance	\$ 5,181.27	\$ -	\$ 5,181.27	
Bank Charges & Fees	\$ 2,488.32	\$ (319.55)	\$ 2,168.77	
Professional Fees	\$ 31,210.70	\$ -	\$ 31,210.70	
Training & Education	\$ 466.18	\$ -	\$ 466.18	
Advertising & Promotion	\$ 137.67	\$ (137.67)	\$ -	
Dues & Subscriptions	\$ 1,338.34	\$ -	\$ 1,338.34	
Licenses & Permits	\$ 2,685.24	\$ -	\$ 2,685.24	
Fines & Penalties	\$ 12.36	\$ (12.36)	\$ -	
Write Off	\$ 15.75	\$ -	\$ 15.75	
Utility Plant in Service	\$ 948.87	\$ (948.87)	\$ -	
Other General Business	\$ 197.25	\$ -	\$ 197.25	
Property & Casualty Insurance	\$ 997.07	\$ (128.04)	\$ 869.03	
Management Fees	\$ 13,281.62	\$ (1,705.61)	\$ 11,576.01	
Depreciation/Utility Plant in Service (Office Space)	\$ 7,107.99	\$ -	\$ 7,107.99	
(Gain) Loss on Sale of Assets	\$ (849.66)	\$ 849.66	\$ -	
	\$ 197,722.41	\$ (43,289.06)	\$ 154,433.35	

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(G)
No. of Payson Customers Excluding Star/Quail Valley (CSB 2.8)	Number of Star/Quail Valley Customers (From Water Co. Plant Descrip Included in Applics)	Total Number of Payson Customers Including Star/Quail Valley Col A + Col B	Description	Amount	Annual Amount Per Customer Col E / Col C	Monthly Amount Per Customer Col F / 12	Monthly Amount Per Customer For Six Months Col G x 6 Months
1114	385	1499	Salaries & Wages	\$ 33,544.82	\$ 22	\$ 1.86	\$ 4,307.76
1114	385	1499	Payroll Taxes	\$ 4,939.37	\$ 3	\$ 0.27	\$ 634.31
1114	385	1499	Benefits	\$ 3,810.35	\$ 3	\$ 0.21	\$ 489.32
1114	385	1499	Suppl. (Office Expenses)	\$ 14,650.49	\$ 10	\$ 0.81	\$ 1,881.40
1114	385	1499	Bank Charges & Fees	\$ 2,488.32	\$ 2	\$ 0.14	\$ 319.55
1114	385	1499	Prop & Casualty Ins	\$ 997.07	\$ 1	\$ 0.06	\$ 128.04
1114	385	1499	Management Fees	\$ 13,281.62	\$ 9	\$ 0.74	\$ 1,705.61
						\$	\$ 9,486.00

References:

Column A: Company Schedule C-1
Column B: Testimony, CSB; CSB 1.13, CSB 2.8
Column C: Column (A) + Column (B)

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Exhibit I

OPERATING INCOME - TEST YEAR AND STAFF RECOMMENDED

LINE NO.	DESCRIPTION	(A) COMPANY TEST YEAR AS FILED	(B) STAFF TEST YEAR ADJUSTMENTS	ADJ NO.	(C) STAFF TEST YEAR AS ADJUSTED	(D) INTERVENOR RECOMMENDED
REVENUES:						
1	Metered Water Sales	\$ 313,559			\$ 313,559	313,559
2	Water Sales - Unmetered	-	-		-	-
3	Other Operating Revenues	6,966	-		6,966	6,966
4	Total Revenues	\$ 320,525	\$ -		\$ 320,525	320,525
EXPENSES:						
7	Salaries and Wages	\$ 55,097	\$ -	1	\$ 55,097	55,097
8	Employee Pensions & Benefits	-	-		-	-
9	Purchased Power	50,533	-		50,533	50,533
10	Fuel for Power Production	-	-		-	-
11	Chemicals	2,181	-		2,181	2,181
12	Repairs and Maintenance	28,089	-		28,089	75,000
13	Office Supplies & Expense	-	-		-	-
14	Contractual Services	58,481	(1,883)	2	56,798	56,798
15	Water Testing	11,000	-		11,000	11,000
16	Rents	-	-		-	-
17	Transportation Expenses	-	-		-	-
18	Insurance - General Liability	-	-		-	-
19	Insurance - Health and Life	266	-		266	266
20	Reg. Comm. Exp.	-	-		-	-
21	Reg. Comm. Exp. - Rate Case	65,000	-		65,000	13,000
22	Miscellaneous Expense	235,253	(58,124)	3,4,5	177,129	8,013
23	Bad Debt Expense	-	-		-	-
24	Depreciation Expense	85,632	(26,188)	6	59,434	59,434
25	Taxes Other Than Income	-	-		-	-
26	Property Taxes	21,030	(1,052)		19,978	19,978
27	Income Taxes	(109,557)	34,219	7	(75,338)	(75,338)
28	Rounding	(1)	-		(1)	(1)
29		-	-		-	-
30	Total Operating Expenses	\$ 503,004	\$ (52,838)		\$ 450,166	\$ 275,961
31						
32	Operating Income (Loss)	\$ (182,479)	\$ 52,838		\$ (129,641)	\$ 44,564

References:

Column (A): Company Schedule C-1
Column (B): Schedule CSB-16
Column (C): Column (A) + Column (B)
Column (D): Schedules CSB-1 and CSB-2
Column (E): Column (C) + Column (D)

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Exhibit J

1 **COPY of the foregoing was mailed**
2 **this 6th day of January, 2014, to:**

3 **Kathleen M. Reidhead**
4 **14406 S. Cholla Canyon Dr.**
5 **Phoenix, AZ 85044**

6 **Thomas Bremer**
7 **6717 E. Turquoise Ave.**
8 **Scottsdale, AZ 85253**

9 **Bill Sheppard**
10 **6250 N. Central Ave.**
11 **Phoenix, AZ 85012**

12 **J. Stephen Gehring**
13 **Richard M. Burt**
14 **8157 W. Deadeye Rd.**
15 **Payson, AZ 85541**

16 **Glynn Ross**
17 **405 S. Ponderosa**
18 **Payson, AZ 85541**

19 **By: *Kela Robertson***
20 **8788204.1/073283.0006**



0000150148

Suzanne Nee
2051 E. Aspen Drive
Tempe, AZ 85282
Telephone: 602-451-0693

RECEIVED

2014 FEB -3 A 9:25

AZ CORP COMMISSION
BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE APPLICATION
OF PAYSON WATER CO., INC., AN
ARIZONA CORPORATION, FOR A
DETERMINATION OF THE FAIR VALUE
OF ITS UTILITY PLANTS AND
PROPERTY AND FOR INCREASES IN ITS
WATER RATES AND CHARGES FOR
UTILITY SERVICE BASED THEREON.

DOCKET NO: W-03514A-13-0111

Arizona Corporation Commission

ORIGINAL

DOCKETED

FEB 3 2014

DOCKETED BY

IN THE MATTER OF THE APPLICATION
OF PAYSON WATER CO., INC., AN
ARIZONA CORPORATION, FOR
AUTHORITY TO: (1) ISSUE EVIDENCE
OF INDEBTEDNESS IN AN AMOUNT
NOT TO EXCEED \$1,238,000 IN
CONNECTION WITH INFRASTRUCTURE
IMPROVEMENTS TO THE UTILITY
SYSTEM; AND (2) ENCUMBER REAL
PROPERTY AND PLANT AS SECURITY
FOR SUCH INDEBTEDNESS.

DOCKET NO: W-03514A-13-0142

SUPPLEMENT TO PRE-FILED
TESTIMONY

Suzanne Nee, "SN", is an intervenor in the above-captioned matter. She resides part-time in the community of Mead Ranch, "MR".

SN investigated additional private water companies in the Arizona Corporation Commission's database to see specifically how other companies were managing their Miscellaneous Expenses. The first 46 companies, A-C, of still functioning water companies' Comparative Statements of Income and Expense. The average Misc. Expense to Total Revenue percentage of these companies is 5.4%. This percentage includes Brooke Water LLC and Circle City Water Co. also owned and managed by Mr. Robert T. Hardcastle. A third company, CD Oasis WC, also had a high Misc. Expense/Total Revenue percentage of 46.2%, but its Total Revenue was \$1783. Removing these 3 companies from the average would lower the average to 2.9%.

SN would like to point out either the magnitude of this manager's inability to manage and keep costs in line with revenue or the degree of the magnitude of deception he is perpetrating in placing so

operating costs into this Miscellaneous Expense category. See Exhibit A - A-C Water Companies Table of Misc. Expenses to Total Revenue and computer screen shots of ACC Annual Reports to support.


Exhibit B shows all Robert T. Hardcastle Businesses: Payson WC, Navajo WC, Tonto Basin WC, Circle City WC, and Brooke Water, LLC. From 2009-2012. His Miscellaneous Businesses are costing Arizona water utility customers – $PWC = 1114 + Navajo\ WC = 294 + Tonto\ Basin\ WC = 888 + Brooke\ Water\ LLC = 1,995 + Circle\ City\ WC = 179 = 4,470$ Arizona Water Customers. From 2009 to 2012, the average Misc. Expense per year has been $\$802,000 / 12\ months\ per\ year / 4470\ customers = \14.95 per month to cover Mr. Hardcastle's Misc. Expenses.

SN and the rest of the Intervenors in this case are concerned why the ACC Staff analysts have not looked at our data nor at the PWC's previous years Annual reports concerning this matter. It appears that the company's present "grave financial condition" is due to management not being able to keep costs in line with revenues. Customers should not have to compensate in the form of rate increases for management ineptitude. We would not mind reasonable 5-20% increases, if we saw improvements in our water systems.

SN sent by email Exhibit CB to Mr. Robert Mease of RUCO (Residential Utility Consumer Office) on Thursday, Jan. 30th. SN realized it was too late to get RUCO involved in the present Payson WC rate case, but wanted the office alerted in regards to the other companies. Mr. Mease said he would look into this when any further rate increase case increase cases come before the ACC. Since RUCO apparently will not look into these financials at this point, we the Intervenors, would like the Attorney General's Office and/or Staff to do a thorough audit of the financials and physical assets at 3101 State Rd., Bakerfield, CA.

In addition, SN would like to add Exhibit C- google maps showing the distance from MR to MdC is approximately 10 miles. MR residents will never benefit from the \$275,000 WIFA loan added to the rate base. We ask that John Cassidy's Staff secondary position of only adding the WIFA loan to the MdC's bills be the course taken by the Commission.

Respectfully submitted this 3rd day of February, 2014.

By 
Suzanne Nee, Intervenor
2051 E. Aspen Drive
Tempe, AZ 85282

**ORIGINAL and thirteen (13) copies
of the foregoing were filed this 3rd
day of February, 2014 with:**

**Docket Control
Arizona Corporation Commission
1200 W. Washington Street
Phoenix, AZ 85007**

**COPY of the foregoing was mailed
this 31st day of January, 2014 to:**

**Jay Shapiro (Attorney for Payson Water Co., Inc.)
Fennemore Craig P.C.
2394 E. Camelback Road, Suite 600
Phoenix, AZ 85016**

**Robert Hardcastle
3101 State Road
Bakersfield, CA 93308**

**William Sheppard
6250 North Central Avenue
Phoenix, AZ 85012**

**Thomas Bremer
6717 E. Turquoise Ave.
Scottsdale, AZ 85253**

**J. Stephen Gehring & Richard M. Burt
8157 W. Deadeye Rd.
Payson, AZ 85541**

**Glynn Ross
405 S. Ponderosa
Payson, AZ 85541**

**Kathleen M. Reidhear
14406 S. Cholla Canyon Dr.
Phoenix, AZ 85044**

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Exhibit A

SOURCE: 2012 AZ Corp Commission ANNUAL REPORTS

Company Name	Total Rev.	Misc. Expense	MiscExp/TotRev	Total Oper.Expense
A.PetersenWC	22,128	0	0.0%	21,724.00
Abra	268,657	0	0.0%	240,250.00
Adaman Mutual	430,161	4,622	1.1%	378,747.00
AguilaW.Service	206,826	32,822	15.9%	198,097.00
AntelopeLakesWC	494	0	0.0%	4,294.00
AntelopeWC	29,070	97	0.3%	39,856.00
Anway_Manville	132,852	1,049	0.8%	96,846.00
Appaloosa WC	149,818	8,486	5.7%	162,347.00
ArivacaTownsite	21,573	0	0.0%	33,181.00
Arizona WC	57,853,832	648,099	1.1%	47,248,431.00
Ashfork W.Dev	261,649	7,742	3.0%	266,096.00
Ashcreek WC	50,065	1,289	2.6%	46,626.00
Aubrey WC	167,210	451	0.3%	366,283.00
AVM-2005 WC	13,174	-57	-0.4%	61,996.00
Avra W. Coop	1,581,660	70,566	4.5%	1,421,746.00
Beardsley WC	296,218	11,098	3.7%	321,104.00
Beaver Dam WC	270,643	8,385	3.1%	318,869.00
Bella Vista WC	4,523,515	102,960	2.3%	3,505,310.00
Bermuda WC	3,480,316	147,867	4.2%	2,750,386.00
Berneil WC	724,583	10,620	1.5%	679,159.00
Bidegain WC	4,674	0	0.0%	4,924.00
Big Park WC	1,380,458	75,492	5.5%	1,355,823.00
Bonita Crk Land&	22,337	0	0.0%	24,609.00
Boynton CanyonE.	191,001	25	0.0%	119,395.00
Bradshaw Mtn WC	236,243	1,500	0.6%	276,073.00
Bradshaw WC	156,061	-181	-0.1%	163,875.00
Brooke W LLC	838,554	340,861	40.6%	620,132.00
Caballeros WC	41,410	1,686	4.1%	27,035.00
Cactus Stellar Ltd	6,077	0	0.0%	7,500.00
Camp Verde WS	1,103,711	16,750	1.5%	1,103,501.00
Casa Grande S. WC	49,154	50	0.1%	48,206.00
Casa Grande W. WC	150,651	7,138	4.7%	139,896.00
CD Oasis WC	1,783	824	46.2%	7,609.00
Cedar Grove WC	171,452	0	0.0%	189,307.00
Cerbat WC	135,546	1,740	1.3%	174,790.00
Chaparral City WC	9,119,016	1,214,892	13.3%	7,287,668.00
Chaparral WC	139,395	0	0.0%	150,513.00
Chino Meadows II	351,868	10,623	3.0%	371,814.00
Cibola Mutual WC	103,983	0	0.0%	113,362.00
Circle City WC	55,903	23,435	41.9%	130,645.00
Citrus Park	7,240	193	2.7%	9,837.00
Clearwater Utilities	510,481	3,335	0.7%	512,364.00
Coldwater Canyon	95,206	21,080	22.1%	106,152.00
Commnity WC	3,866,735	273,472	7.1%	3,382,757.00
Cordes Lakes WC	434,135	4,780	1.1%	418,197.00
CP WC	1,354	15	1.1%	5,910.00

Avg Misc. Expense/Total Revenue
excluding Brooke, CD Oasis, Circle City
2.9%

COMPANY NAME A Petersen Water Company, Inc.

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 22,359	\$ 21,853
460	Unmetered Water Revenue	0	0
474	Other Water Revenues	100	275
	TOTAL REVENUES	\$ 22,459	\$ 22,128
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 9,551	\$ 8,953
610	Purchased Water	0	0
615	Purchased Power	2,440	2,074
618	Chemicals	0	0
620	Repairs and Maintenance	456	220
621	Office Supplies and Expense	1,367	1,275
630	Outside Services	1,515	2,929
635	Water Testing	845	844
641	Rents	2,880	1,673
650	Transportation Expenses	1,292	1,346
657	Insurance - General Liability	418	250
659	Insurance - Health and Life	0	121
666	Regulatory Commission Expense - Rate Case	0	0
675	Miscellaneous Expense	0	0
403	Depreciation Expense	193	193
408	Taxes Other Than Income	1,355	1,536
408.11	Property Taxes	633	310
409	Income Tax	0	0
	TOTAL OPERATING EXPENSES	\$ 22,945	\$ 21,724
	OPERATING INCOME/(LOSS)	(486)	\$ 404
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$ 0	\$ 0
421	Non-Utility Income	0	0
426	Miscellaneous Non-Utility Expenses	0	0
427	Interest Expense	0	0
	TOTAL OTHER INCOME/(EXPENSE)	\$ 0	0
	NET INCOME/(LOSS)	\$ (486)	\$ 404

COMPANY NAME **ABRA WATER COMPANY, INC.**

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$252711.68	\$260898.45
460	Unmetered Water Revenue		
474	Other Water Revenues	10850.11	7758.11
	TOTAL REVENUES	\$263,561.79	\$268,656.56
	OPERATING EXPENSES		
601	Salaries and Wages	\$23710.50	\$0.00
615	Purchased Power	17124.32	17284.52
618	Chemicals	190.60	190.60
620	Materials and Supplies	5166.90	5587.61
621	Office Supplies and Expense	9410.16	10243.29
630	Outside Services	84380.95	107982.51
635	Water Testing	1506.66	6122.59
641	Rents	11416.00	10307.11
650	Transportation Expenses	4978.04	7016.73
657	Insurance - General Liability	1785.40	3925.67
659	Insurance - Health and Life	1494.00	2988.00
666	Regulatory Commission Expense - Rate Case	2500.00	2500.00
675	Miscellaneous Expense		
670	Bad Debt Expense	5180.68	9366.81
403	Depreciation Expense	46113.36	48083.11
408	Taxes Other Than Income	8085.34	553.83
408.11	Property Taxes	7464.82	8097.24
409	Income Tax	0.00	0.00
	TOTAL OPERATING EXPENSES	\$230,507.73	\$240,249.62
	OPERATING INCOME/(LOSS)	\$33,054.06	\$28,406.94
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$44.76	\$37.34
421	Non-Utility Income		
427	Interest Expense	(8313.50)	(9963.50)
428	Amort of Debt Discount & Exp	(3064.05)	(3985.16)
	TOTAL OTHER INCOME/(EXPENSE)	\$(11332.79)	\$(13911.32)
	NET INCOME/(LOSS)	\$21,721.27	\$14,495.62

COMPANY NAME

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 306,704	\$ 326,641
460	Unmetered Water Revenue		
474	Other Water Revenues <i>Co and year bulk water</i>	64,549	103,520
	TOTAL REVENUES	\$ 371,253	\$ 430,161
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 111,415	\$ 119,364
610	Purchased Water	36,196	24,341
615	Purchased Power	29,300	18,382
618	Chemicals	10,586	9,927
620	Repairs and Maintenance	113,565	61,161
621	Office Supplies and Expense	7,623	15,120
630	Outside Services	18,242	21,427
635	Water Testing	2,456	2,368
641	Rents	8,400	8,400
650	Transportation Expenses	18,522	16,733
657	Insurance - General Liability	6,782	6,954
659	Insurance - Health and Life	3,946	3,820
666	Regulatory Commission Expense - Rate Case		
675	Miscellaneous Expense	5,024	4,622
403	Depreciation Expense	59,684	64,750
408	Taxes Other Than Income		
408.11	Property Taxes	10,910	12,328
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 438,649	\$ 378,747
	OPERATING INCOME/(LOSS)	\$ (67,396)	\$ 51,414
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$ 1	\$ 1
421	Non-Utility Income	379	200
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	2,545	(3,317)
	TOTAL OTHER INCOME/(EXPENSE)	\$ (2,164)	\$ (3,116)
	NET INCOME/(LOSS)	\$ (69,562)	\$ 48,298

COMPANY NAME Aguila Water Services Inc

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 203,023.85	\$ 203,253.59
460	Unmetered Water Revenue		
474	Other Water Revenues	4,355.00	3,572.23
	TOTAL REVENUES	\$ 207,378.85	\$ 206,825.92
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 67,635.65	\$ 76,445.00
610	Purchased Water		
615	Purchased Power	16,987.73	17,117.20
618	Chemicals	756.00	1,547.32
620	Repairs and Maintenance	790.01	4,395.56
621	Office Supplies and Expense	5,434.44	2,075.32
630	Outside Services		
635	Water Testing		
641	Rents		
650	Transportation Expenses	12,445.45	15,879.28
657	Insurance - General Liability	14,393.55	11,089.71
659	Insurance - Health and Life		
666	Regulatory Commission Expense - Rate Case		
675	Miscellaneous Expense	32,474.45	32,822.38
403	Depreciation Expense	34,649.25	23,954.63
408	Taxes Other Than Income	6,252.19	4,830.96
408.11	Property Taxes	8,257.04	7,939.57
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 200,075.76	\$ 198,096.93
	OPERATING INCOME/(LOSS)	\$ 7,303.09	\$ 8,728.99
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$.52	\$ 0.86
421	Non-Utility Income	0.00	0.00
426	Miscellaneous Non-Utility Expenses	0.00	0.00
427	Interest Expense	(11,973.33)	(8,060.28)
	TOTAL OTHER INCOME/(EXPENSE)	\$ (11,972.81)	\$ (8,059.42)
	NET INCOME/(LOSS)	\$ (4,669.72)	\$ 669.57

COMPANY NAME Antelope Lakes Water Company

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 430.44	\$ 414.92
460	Unmetered Water Revenue		
474	Other Water Revenues	103.82	79.31
	TOTAL REVENUES	\$ 534.26	\$ 494.23
	OPERATING EXPENSES		
601	Salaries and Wages	\$	\$
610	Purchased Water		
613	Purchased Power	679.36	329.80
618	Chemicals		
620	Repairs and Maintenance		
621	Office Supplies and Expense		40.00
630	Outside Services	505.00	388.00
635	Water Testing		
641	Rents		
650	Transportation Expenses		
657	Insurance - General Liability		
659	Insurance - Health and Life		
666	Regulatory Commission Expense - Rate Case	45.00	45.00
675	Miscellaneous Expense	20.43	
403	Depreciation Expense	3441.00	3438.00
408	Taxes Other Than Income		
408.11	Property Taxes	68.20	55.66
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 4758.99	\$ 4294.46
	OPERATING INCOME/(LOSS)	\$ (4224.73)	\$ (3800.23)
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense		
	TOTAL OTHER INCOME/(EXPENSE)	\$	\$
	NET INCOME/(LOSS)	\$ (4224.73)	\$ (3800.23)

COMPANY NAME ANTELOPE WATER COMPANY

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 28,147.00	\$28,735.00
460	Unmetered Water Revenue	0.00	0.00
474	Other Water Revenues	248.00	335.00
	TOTAL REVENUES	\$ 28,393.00	\$29,070.00
	OPERATING EXPENSES		
601	Salaries and Wages	\$0.00	\$0.00
610	Purchased Water	2,891.00	2,891.00
615	Purchased Power	3,450.00	3,122.00
618	Chemicals	1,247.00	1,096.00
620	Repairs and Maintenance	1,244.00	3,038.00
621	Office Supplies and Expense	415.00	381.00
630	Outside Services	12,171.00	10,159.00
635	Water Testing	120.00	1,442.00
641	Rents	42.00	24.00
650	Transportation Expenses	0.00	0.00
657	Insurance - General Liability	1,642.00	1,933.00
659	Insurance - Health and Life	0.00	0.00
666	Regulatory Commission Expense - Rate Case	10.00	46.00
675	Miscellaneous Expense	0.00	97.00
403	Depreciation Expense	14,285.00	14,285.00
408	Taxes Other Than Income	44.00	0.00
408.11	Property Taxes	1,414.00	1,343.00
409	Income Tax	0.00	0.00
	TOTAL OPERATING EXPENSES	\$38,775.00	\$39,858.00
	OPERATING INCOME/(LOSS)	\$(12,382.00)	\$(10,788.00)
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$1,070.00	\$531.00
421	Non-Utility Income	17.00	19.00
426	Miscellaneous Non-Utility Expenses	(4.00)	(26.00)
427	Interest Expense	(2,191.00)	(2,145.00)
	TOTAL OTHER INCOME/(EXPENSE)	\$(1,108.00)	\$(1,620.00)
	NET INCOME/(LOSS)	\$(13,490.00)	\$(12,408.00)

Company Name: Anway Manville L.L.C. Water Company

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Aect. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 135,362	\$ 132,852
460	Unmetered Water Revenue		
474	Other Water Revenues	2,857	3,440
	TOTAL REVENUES	\$ 138,219	\$ 136,292
	OPERATING EXPENSES		
601	Salaries and Wages		
610	Purchased Water		
615	Purchased Power	12,872	11,687
618	Chemicals	1,242.00	825
620	Repairs and Maintenance	2,121	2,330
621	Office Supplies & Expense	3,886	2,944
630	Outside Services	43,736	43,093
635	Water Testing	1,388	1,385
641	Rents		
650	Transportation Expenses	2,081	2,451
657	Insurance - General Liability	2,731	2,731
659	Insurance - Health and Life		
665	Regulatory Expenses	168	
675	Miscellaneous Expense	9,643	1,049
403	Depreciation Expense	18,667	23,533
408	Taxes Other Than Income		
408.11	Property Taxes	8,449	4,354
409	Income Tax		
427.2	Customer Security Deposit Interest	305	464
	TOTAL OPERATING EXPENSES	\$ 107,289	\$ 96,846
	OPERATING INCOME/(LOSS)	\$ 30,930	\$ 39,447
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income		\$ 3
421	Non-Utility Income	1,210	
426	Miscellaneous Non-Utility Exp	(53,421)	(614)
434	Extraordinary Deductions		(28,789)
	TOTAL OTHER INCOME/(EXPENSE)	\$ (52,211)	\$ (29,400)
	NET INCOME/(LOSS)	\$ (21,281)	\$ 10,047

COMPANY NAME

*Appaloosa Water Company***COMPARATIVE STATEMENT OF INCOME AND EXPENSE**

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 125879	\$ 136973
460	Unmetered Water Revenue		
474	Other Water Revenues	15231	12845
	TOTAL REVENUES	\$ 141110	\$ 149818
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 25437	\$ 26497
610	Purchased Water		
615	Purchased Power	11051	11601
618	Chemicals		
620	Repairs and Maintenance	28083	4450
621	Office Supplies and Expense	1677	2307
630	Outside Services	9788	6450
635	Water Testing	9492	6348
641	Rents	6000	6000
650	Transportation Expenses		
657	Insurance - General Liability	3630	2519
659	Insurance - Health and Life		
666	Regulatory Commission Expense - Rate Case		
675	Miscellaneous Expense	3599	2486
403	Depreciation Expense	57527	57527
408	Taxes Other Than Income	17576	19826
408.11	Property Taxes	7051	9547
409	Income Tax		2389
	TOTAL OPERATING EXPENSES	\$ 186931	\$ 162347
	OPERATING INCOME/(LOSS)	\$ (39821)	\$ (12529)
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income	21771	15451
426	Miscellaneous Non-Utility Expenses	(17265)	(2398)
427	Interest Expense		
	TOTAL OTHER INCOME/(EXPENSE)	\$ 4506	\$ 13053
	NET INCOME/(LOSS)	\$ (35315)	\$ 524

COMPANY NAME Arivaca Townsite Cooperative Water Company Inc

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 1309.1	\$ 21423
460	Unmetered Water Revenue	0	0
474	Other Water Revenues	194	180
	TOTAL REVENUES	\$ 14185	\$ 21573
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 1548	\$ 2900
610	Purchased Water	0	0
615	Purchased Power	3299	3176
618	Chemicals	551	1034
620	Repairs and Maintenance	4100	2648
621	Office Supplies and Expense	1479	380
630	Outside Services	0	0
635	Water Testing	750	840
641	Rents	0	0
650	Transportation Expenses	185	310
657	Insurance - General Liability	1457	1446
659	Insurance - Health and Life	0	0
666	Regulatory Commission Expense - Rate Case	0	0
675	Miscellaneous Expense	0	0
403	Depreciation Expense	11874	11874
408	Taxes Other Than Income	925	1532
408.11	Property Taxes	856	841
409	Income Tax	0	0
	TOTAL OPERATING EXPENSES	\$ 27041	\$ 33181
	OPERATING INCOME/(LOSS)	\$ (12859)	\$ (11608)
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$ 135	\$ 140
421	Non-Utility Income	4054 (618.7)	2511
426	Miscellaneous Non-Utility Expenses	2407	530
427	Interest Expense	0	0
	TOTAL OTHER INCOME/(EXPENSE)	\$ 44056	\$ 2181
	NET INCOME/(LOSS)	\$ 31197	\$ (7427)

Company Name:	Arizona Water Company
Year Ended:	2012

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.		PREVIOUS YEAR	CURRENT YEAR
	OPERATING REVENUES		
401	Water Revenue	982,494,891	984,887,850
402	Fire Protection Revenue	285,724	285,126
403	Leak Charges	148,380	157,346
404	Interconnection Service Revenues	2,892,880	2,248,606
405	Realty from Water Property	7,387	4,840
406	Other Water Revenues	263,777	494,276
	TOTAL OPERATING REVENUES	988,692,855	988,688,038
	OPERATING EXPENSES		
500	Source of Supply Operation-Supervision and Engineering	1189,212	1207,871
501	Source of Supply Operation-Labor and Expenses	896	0
502	Source of Supply Operation-Purchased Water	1,444,580	1,477,894
503	Source of Supply Operation-Maintenance	75,488	81,494
504	Source of Supply Maintenance-Supervision and Engineering	75,488	75,493
505	Source of Supply Maintenance-Structure and Surface	3,717	650
506	Pumping Operation-Supervision and Engineering	48,880	52,783
507	Pumping Operation-Purchased Power	5,157,940	5,204,214
508	Pumping Operation-Labor and Expenses	1,158,700	1,220,840
509	Pumping Maintenance-Supervision and Engineering	75,188	80,522
510	Pumping Maintenance-Structure and Improvements	141,580	119,776
511	Pumping Maintenance-Equipment	285,388	285,212
512	Water Treatment Operation-Supervision and Engineering	81,188	83,180
513	Water Treatment Operation-Chemicals	587,884	587,879
514	Water Treatment Operation-Labor and Expenses	1,095,887	1,215,882
515	Water Treatment Maintenance-Supervision and Engineering	35,880	54,880
516	Water Treatment Maintenance-Structure and Improvements	1,817	6,445
517	Water Treatment Maintenance-Equipment	277,880	487,870
518	Trans. and Distrib. Operation-Supervision and Engineering	85,188	85,780
519	Trans. and Distrib. Operation-Structure Improvements	85,188	84,880
520	Trans. and Distrib. Operation-Labor Expenses	644,780	688,840
521	Trans. and Distrib. Operation-Meter	1,158,714	1,158,814
522	Trans. and Distrib. Operation-Customer Investigations	111,880	120,180
523	Trans. and Distrib. Operation-Maintenance	148,880	141,180
524	Trans. and Distrib. Operation-Structure	35,887	31,880
525	Trans. and Distrib. Maintenance-Supervision and Engineering	287,870	273,886
526	Trans. and Distrib. Maintenance-Structure	587,811	68,874
527	Trans. and Distrib. Maintenance-Meter	815,880	888,841
528	Trans. and Distrib. Maintenance-System	748,887	888,120
529	Trans. and Distrib. Maintenance-System	273,880	257,810
530	Trans. and Distrib. Maintenance-Hydrop	188,880	118,120

COMPARATIVE STATEMENT OF INCOME AND EXPENSE (CONTINUED)

Acct. No.		PRIOR YEAR	CURRENT YEAR
OPERATING EXPENSES (CONTINUED)			
991	Customer Accounts Operation-Superstition	\$187,489	\$189,173
992	Customer Accounts Operation-Other Reading	983,376	984,972
993	Customer Accounts Operation-Customer Records and Collection	2,832,374	2,891,893
994	Customer Accounts Operation-Uncollectible Accounts	114,968	98,896
995	Customer Accounts Operation-Miscellaneous	364,336	377,834
997	Customer Service and Information Operation	12,189	16,886
910	Sales Promotion Operation	0	0
999	Administrative and General Operation-Salaries	1,386,866	1,491,686
991	Administrative and General Operation-Office Supplies and Other	136,746	191,839
993	Administrative and General Operation-Outside Services Employed	496,966	399,899
994	Administrative and General Operation-Property Insurance	68,836	86,486
995	Administrative and General Operation-Injuries and Damages	689,382	919,394
996	Administrative and General Operation-Employee Pension and Benefits	2,899,386	2,911,827
998	Administrative and General Operation-Regulatory Contributions	283,886	249,899
999	Administrative and General Operation-Miscellaneous	26,186	47,889
991	Administrative and General Operation-Rent	199,821	299,391
992	Administrative and General Maintenance	279,844	399,399
499	Depreciation Expense	6,892,739	6,892,849
494	Amortization Leasehold Improvements and Limited Term Utility Plant	399,841	399,391
499.10	Taxes Other than Income Taxes	7,919,679	8,349,799
499.10	Income Taxes	3,791,387	4,899,891
	TOTAL OPERATING EXPENSES	\$49,671,894	\$47,249,431
OTHER INCOMES/EXPENSES			
419	Cost and Expenses of Merchandising, Jobbing and Contract Work	(914,439)	(899,817)
439	Allowance for Funds Used During Construction	(82,179)	(171,299)
431	Miscellaneous Nonoperating Income	(99,899)	(99,819)
439	Miscellaneous Other Income Deductions	0	0
437	Interest on Long Term-Term Debt	6,114,899	6,114,899
439	Amortization of Debt Discount and Expense	3,114	3,114
439	Interest on Debt to Associated Companies	(82,817)	(89,499)
431	Other Interest Expenses	39,899	49,471
432	Allowance for Funds Used During Construction	(492,199)	(592,849)
	TOTAL OTHER INCOMES/EXPENSES	\$4,977,844	\$4,399,893
	NET INCOME	\$4,911,466	\$6,336,388

COMPANY NAME ASH FORK DEVELOPMENT ASSOCIATION, INC.

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 264,969	\$ 248,789
460	Unmetered Water Revenue	9,173	9,124
474	Other Water Revenues	1,498	3,736
	TOTAL REVENUES	\$ 275,640	\$ 261,649
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 107,404	\$ 97,738
610	Purchased Water		
615	Purchased Power	33,312	34,829
618	Chemicals		
620	Repairs and Maintenance	60,681	18,123
621	Office Supplies and Expense	1,538	976
630	Outside Services	2,000	2,075
635	Water Testing	742	2,270
641	Rents	1,560	2,835
650	Transportation Expenses	6,498	7,910
657	Insurance - General Liability	12,081	13,482
659	Insurance - Health and Life		765
666	Regulatory Commission Expense - Rate Case		
675	Miscellaneous Expense	5,366	7,742
403	Depreciation Expense	70,591	51,150
408	Taxes Other Than Income	11,848	9,781
408.11	Property Taxes	16,866	16,420
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 330,487	\$ 266,096
	OPERATING INCOME/(LOSS)	\$ (54,847)	\$ (4,447)
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$ 382	\$ 208
421	Non-Utility Income	2,137	14,528
426	Miscellaneous Non-Utility Expenses	365	9,268
427	Interest Expense	18,668	18,728
	TOTAL OTHER INCOME/(EXPENSE)	\$ (16,514)	\$ (13,260)
	NET INCOME/(LOSS)	\$ (71,361)	\$ (17,707)

COMPANY NAME ASHCREEK WATER COMPANY

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

A/cct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$49156.20	\$48805.43
460	Unmetered Water Revenue	1000.00	1025.00
474	Other Water Revenues	180.00	235.00
	TOTAL REVENUES	\$50336.20	\$50065.43
	OPERATING EXPENSES		
601	Salaries and Wages	\$11744.39	\$20576.50
610	Purchased Water		
615	Purchased Power	2748.23	2423.88
618	Chemicals		
620	Repairs and Maintenance	497.44	5936.84
621	Office Supplies and Expense	730.39	734.75
630	Outside Services	5288.55	2200.00
635	Water Testing	2867.56	3067.70
641	Rents		
650	Transportation Expenses	354.89	165.98
657	Insurance - General Liability	2521.78	2456.64
659	Insurance - Health and Life		
666	Regulatory Commission Expense - Rate Case		
675	Miscellaneous Expense	1647.20	1289.26
403	Depreciation Expense	5190.83	5516.20
408	Taxes Other Than Income		
408.11	Property Taxes	973.31	2258.65
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$34564.57	\$46626.40
	OPERATING INCOME/(LOSS)	\$15771.63	\$3439.03
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$	\$2.90
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses	1966.69	
427	Interest Expense	1819.19	
	TOTAL OTHER INCOME/(EXPENSE)	\$(3785.88)	\$
	NET INCOME/(LOSS)	\$11985.75	\$3441.93

COMPANY NAME Aubrey Water Company

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Aest. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 160,234	\$ 166,210
460	Unmetered Water Revenue		
474	Other Water Revenues	625	1,000
	TOTAL REVENUES	\$ 160,859	\$ 167,210
	OPERATING EXPENSES		
601	Salaries and Wages	\$	\$
610	Purchased Water		
615	Purchased Power	32,144	30,271
618	Chemicals		
620	Repairs and Maintenance	7,854	29,097
621	Office Supplies and Expense	2,357	5,577
630	Outside Services	119,213	81,077
635	Water Testing	530	1,543
641	Rents		
650	Transportation Expenses	5,912	5,228
657	Insurance - General Liability	2,786	1,178
659	Insurance - Health and Life		
666	Regulatory Commission Expense - Rate Case		
675	Miscellaneous Expense	721	451
403	Depreciation Expense	203,637	204,519
408	Taxes Other Than Income		
408.11	Property Taxes	6,716	7,342
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 381,870	\$ 366,283
	OPERATING INCOME/(LOSS)	\$ (221,011)	\$ (199,073)
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		333
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	(36)	(72)
	TOTAL OTHER INCOME/(EXPENSE)	\$ (36)	\$ 261
	NET INCOME/(LOSS)	\$ (221,047)	\$ (198,812)

COMPANY NAME Avm-2005, LLC d/b/a Signal Peak Water**COMPARATIVE STATEMENT OF INCOME AND EXPENSE**

Acct. No.	OPERATING REVENUES	PRIOR YEAR 12-31-11	CURRENT YEAR 12-31-12
461	Metered Water Revenue	\$ 11,211	\$ 13,174
460	Unmetered Water Revenue		
474	Other Water Revenues		
	TOTAL REVENUES	\$ 11,211	\$ 13,174
	OPERATING EXPENSES		
601	Salaries and Wages	\$	\$
610	Purchased Water	4,993	6,995
615	Purchased Power		
618	Chemicals		
620	Repairs and Maintenance		3,531
621	Office Supplies and Expense		
630	Outside Services	24,250	29,100
635	Water Testing	390	500
641	Rents		
650	Transportation Expenses		
657	Insurance - General Liability	814	1,000
659	Insurance - Health and Life		
666	Regulatory Commission Expense - Rate Case		
675	Miscellaneous Expense	62	157
403	Depreciation Expense	21,926	21,926
408	Taxes Other Than Income		
408.11	Property Taxes	517	1,801
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 52,952	\$ 61,996
	OPERATING INCOME/(LOSS)	\$ (41,741)	\$ (48,822)
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense		
	TOTAL OTHER INCOME/(EXPENSE)	\$	\$
	NET INCOME/(LOSS)	\$ (41,741)	\$ (48,822)

COMPANY NAME

AVRA WATER CO-OP INC.

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	8/31/2011	8/31/2012
		PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 1,605,767	\$ 1,527,583
460	Unmetered Water Revenue		
474	Other Water Revenues	40,778	54,077
	TOTAL REVENUES	\$ 1,646,545	\$ 1,581,660
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 373,627	\$ 401,397
610	Purchased Water		
615	Purchased Power	131,396	99,744
618	Chemicals	1,132	1,427
620	Repairs and Maintenance	22,178	34,171
621	Office Supplies and Expense	37,358	57,406
630	Outside Services	69,205	64,571
635	Water Testing	11,062	9,511
641	Rents	561	561
650	Transportation Expenses	47,354	88,511
657	Insurance - General Liability	41,107	27,249
659	Insurance - Health and Life	113,450	105,315
666	Regulatory Commission Expense - Rate Case		
675	Miscellaneous Expense	83,543	70,566
403	Depreciation Expense	328,322	322,183
408	Taxes Other Than Income	34,606	36,706
408.11	Property Taxes	92,700	102,428
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 1,387,601	\$ 1,421,746
	OTHER INCOME/EXPENSE		
419	Interest and Dividend Income	\$ 455	\$ 297
421	Non-Utility Income	517,864	0
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	191,284	186,198
	TOTAL OTHER INCOME/EXP	\$ 327,035	\$ (185,901)
	NET INCOME/(LOSS)	\$ 585,979	\$ (25,987)

COMPANY NAME Beardsley Water Company

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Aect. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 290,908	\$ 292,568
460	Unmetered Water Revenue	0	0
474	Other Water Revenues	4,030	3,650
	TOTAL REVENUES	\$ 294,938	\$ 296,218
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 0	\$ 0
610	Purchased Water	0	0
615	Purchased Power	\$54,162	52,855
618	Chemicals	0	0
620	Repairs and Maintenance	10,975	13,548
621	Office Supplies and Expense	51	529
630	Outside Services	135,987	131,748
635	Water Testing	1,695	1,160
641	Rents	0	0
650	Transportation Expenses	0	0
657	Insurance - General Liability	4,029	3,780
659	Insurance - Health and Life	0	0
666	Regulatory Commission Expense - Rate Case	0	0
675	Miscellaneous Expense	24,163	11,098
403	Depreciation Expense	88,957	90,463
408	Taxes Other Than Income	0	0
408.11	Property Taxes	14,276	15,923
409	Income Tax	0	0
	TOTAL OPERATING EXPENSES	\$334,295	\$ 321,104
	OPERATING INCOME/(LOSS)	\$ (39,357)	\$ (24,886)
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$ 0	\$ 11,025
421	Non-Utility Income	0	31,326
426	Miscellaneous Non-Utility Expenses	(1,527)	0
427	Interest Expense	(1,373)	(1,111)
	TOTAL OTHER INCOME/(EXPENSE)	\$ (2,900)	\$ 41,240
	NET INCOME/(LOSS)	\$ (42,257)	\$ 16,354

COMPANY NAME Beaver Dam Water Company, Inc.**COMPARATIVE STATEMENT OF INCOME AND EXPENSE**

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 263,765	\$ 261,214
460	Unmetered Water Revenue	1,660	9159
474	Other Water Revenues	540	270
	TOTAL REVENUES	\$ 265,965	\$ 270,643
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 116,878	\$ 112,982
610	Purchased Water		
615	Purchased Power	19,653	18,622
618	Chemicals	1,445	1,132
620	Repairs and Maintenance	15,297	12,450
621	Office Supplies and Expense	3,994	4,665
630	Outside Services	21,545	14,459
635	Water Testing	3,672	1,980
641	Rents	46,999	47,026
650	Transportation Expenses	7,967	10,489
657	Insurance - General Liability	9,192	6,135
659	Insurance - Health and Life	9,747	13,563
666	Regulatory Commission Expense - Rate Case		9,596
675	Miscellaneous Expense	7,900	8,385
403	Depreciation Expense	33,791	34,307
408	Taxes Other Than Income	19,942	14,069
408.11	Property Taxes	16,300	12,959
409	Income Tax	50	50
	TOTAL OPERATING EXPENSES	\$ 334,372	\$ 318,869
	OPERATING INCOME/(LOSS)	\$ < 68,407 >	\$ < 48,226 >
	OTHER INCOME/(EXPENSE)		
419	Extraordinary Income (Insurance Claim)	\$ 27,646	\$ -
421	Non-Utility Income Amort of CIAC	14,683	14,683
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	< 12,222 >	< 12,006 >
	TOTAL OTHER INCOME/(EXPENSE)	\$ 30,107	\$ 2,677
	NET INCOME/(LOSS)	\$ < 38,300 >	\$ < 45,549 >

COMPANY NAME
BELLA VISTA WATER CO., INC.

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	2011	2012
		PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 4,212,814	\$ 4,430,419
460	Unmetered Water Revenue		
474	Other Water Revenues	92,232	93,095
	TOTAL REVENUES	\$ 4,305,046	\$ 4,523,515
	OPERATING EXPENSES		
601	Salaries and Wages		
610	Purchased Water	6,685	2,027
615	Purchased Power	556,880	566,105
618	Chemicals	10,357	16,245
620	Repairs and Maintenance		
621	Office Supplies and Expense		
630	Outside Services	1,424,111	910,864
635	Water Testing	40,373	15,159
736	Contractual Services - Other		790,722
641	Rents	6,017	6,617
650	Transportation Expenses	73,479	90,318
657	Insurance - General Liability	41,989	50,452
659	Insurance - Health and Life		
666	Regulatory Commission Expense - Rate Case		64,998
675	Miscellaneous Expense	519,964	102,960
403	Depreciation Expense	551,685	737,068
408	Taxes Other Than Income		
408.11	Property Taxes	138,419	151,775
409	Income Tax	255,648	0
	TOTAL OPERATING EXPENSES	\$ 3,625,607	\$ 3,505,310
	OTHER INCOME/EXPENSE		
419	Interest and Dividend Income	\$ -	\$ -
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	89,134	91,787
	TOTAL OTHER INCOME/EXP	\$ (89,134)	\$ (91,787)
	NET INCOME/(LOSS)	\$ 590,305	\$ 926,417

COMPANY NAME Bermuda Water Company, Inc.

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 2,688,277	\$ 3,357,063
460	Unmetered Water Revenue		
474	Other Water Revenue	198,610	123,253
	TOTAL REVENUES	\$ 2,886,887	\$ 3,480,316
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 572,439	\$ 531,238
604	Employee Benefits	145,362	141,159
610	Purchased Water		
615	Purchased Power	314,159	319,113
618	Chemicals	26,245	26,589
620	Repairs and Maintenance	39,876	24,810
621	Office Supplies and Expense		
630	Outside Services	82,773	83,473
635	Water Testing	8,069	8,190
641	Rents	13,890	25,722
650	Transportation Expenses	44,815	45,637
657	Insurance - General Liability		
659	Insurance - Health and Life	72,530	73,122
666	Regulatory Commission Expense - Rate Case	41	35,183
675	Miscellaneous Expense	153,260	147,867
403	Depreciation Expense	777,397	928,437
407	Amortization	(143,763)	(113,958)
408	Taxes Other Than Income	47,733	58,798
408.11	Property Taxes	200,667	133,268
409	Income Tax	256,887	281,739
	TOTAL OPERATING EXPENSES	\$ 2,612,382	\$ 2,750,386
	OTHER INCOME/EXPENSE		
419	Interest and Dividend Income	\$ 0	\$ -
421	Non-Utility Income	1,080	115,602
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	(361,505)	(384,272)
	TOTAL OTHER INCOME/EXPENSE	\$ (360,425)	\$ (268,670)
	NET INCOME/(LOSS)	\$ (85,920)	\$ 461,260

COMPANY NAME Berneil Water Company
COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 721,181	\$ 716,903
460	Unmetered Water Revenue		7,650
474	Other Water Revenues	7,650	
	TOTAL REVENUES	\$ 728,831	\$ 724,553
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 194,159	\$ 192,019
610	Purchased Water	48,291	68,664
615	Purchased Power	108,839	98,055
618	Chemicals		
620	Repairs and Maintenance	53,617	48,664
621	Office Supplies and Expense	14,958	12,918
630	Outside Services	30,959	27,189
635	Water Testing	6,772	
641	Rents	47,901	60,816
650	Transportation Expenses	5,358	5,780
657	Insurance - General Liability	7,940	9,400
659	Insurance - Health and Life		
666	Regulatory Commission Expense - Rate Case	1,479	
675	Miscellaneous Expense	13,878	10,620
403	Depreciation Expense	28,020	59,931
408	Taxes Other Than Income	68,587	69,586
408.11	Property Taxes	18,310	19,472
409	Income Tax	45	45
	TOTAL OPERATING EXPENSES	\$ 649,168	\$ 679,159
	OPERATING INCOME/(LOSS)	\$ 79,663	\$ 45,424
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses	3185	
427	Interest Expense		2340
	TOTAL OTHER INCOME/(EXPENSE)	\$ 3185	\$
	NET INCOME/(LOSS)	\$ 76,478	\$ 43,084

COMPANY NAME Bidegain Water Company

WATER COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$2,424	\$ 2,478
460	Unmetered Water Revenue		
474	Other Water Revenues	2,151	2,196
	TOTAL REVENUES	\$4,575	\$ 4,674
	OPERATING EXPENSES		
601	Salaries and Wages	\$	\$
610	Purchased Water		
615	Purchased Power	2,550	2,111
618	Chemicals		
620	Repairs and Maintenance	250	800
621	Office Supplies and Expense	302	
630	Outside Services	756	613
635	Water Testing	500	829
641	Rents		
650	Transportation Expenses		
657	Insurance - General Liability		
659	Insurance - Health and Life		
666	Regulatory Commission Expense - Rate Case		
675	Miscellaneous Expense		
403	Depreciation Expense	373	373
408	Taxes Other Than Income	2	
408.11	Property Taxes	204	198
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$4,937	\$ 4,924
	OPERATING INCOME/(LOSS)	\$(362)	\$ (250)
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense		
	TOTAL OTHER INCOME/(EXPENSE)	\$	\$
	NET INCOME/(LOSS)	\$(362)	\$ (250)

COMPANY NAME Big Park Water Company

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$1,325,664	\$1,366,235
460	Unmetered Water Revenue		
474	Other Water Revenues	14,038	14,221
	TOTAL REVENUES	\$1,339,703	\$1,380,458
	OPERATING EXPENSES		
601	Salaries and Wages	\$473,295	\$573,008
610	Purchased Water		
615	Purchased Power	116,272	114,548
618	Chemicals		
620	Repairs and Maintenance	83,200	58,383
621	Office Supplies and Expense	36,922	38,943
630	Outside Services	85,418	82,993
635	Water Testing	2,612	10,878
641	Rents	23,400	24,000
650	Transportation Expenses	28,665	32,879
657	Insurance - General Liability	27,721	22,441
659	Insurance - Health and Life	42,410	47,224
666	Regulatory Commission Expense - Rate Case		
675	Miscellaneous Expense	62,977	75,492
403	Depreciation Expense	184,101	202,307
408	Taxes Other Than Income	41,976	44,302
408.11	Property Taxes	44,063	46,459
409	Income Tax	30,931	(18,035)
	TOTAL OPERATING EXPENSES	\$1,283,964	\$1,355,823
	OPERATING INCOME/(LOSS)	\$55,739	\$24,635
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	(1,903)	75
421	Non-Utility Income	857	2,356
426	Miscellaneous Non-Utility Expenses	(117)	(297)
427	Interest Expense	(23,437)	(27,544)
	TOTAL OTHER INCOME/(EXPENSE)	(\$24,601)	(\$25,410)
	NET INCOME/(LOSS)	\$31,137	(\$775)

COMPANY NAME Bonita Creek Land and Homeowners' Association

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Asect. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 23,001	\$ 22,337
460	Unmetered Water Revenue		
474	Other Water Revenues	6,465	
	TOTAL REVENUES	\$ 29,466	\$ 22,337
	OPERATING EXPENSES		
601	Salaries and Wages		\$
610	Purchased Water		
615	Purchased Power	882	812
618	Chemicals	0	277
620	Repairs and Maintenance	328	2,193
621	Office Supplies and Expense	355	643
630	Outside Services	3,056	13,528
635	Water Testing	240	250
641	Rents	95	
650	Transportation Expenses	42	
657	Insurance - General Liability	2,310	2,310
659	Insurance - Health and Life		
666	Regulatory Commission Expense - Rate Case		
675	Miscellaneous Expense	221	
403	Depreciation Expense	1,735	1,988
408	Taxes Other Than Income (Sales Tax)	1,656	1,536
408.11	Property Taxes	941	1,027
409	Income Tax		45
	TOTAL OPERATING EXPENSES	\$ 11,640	\$ 24,609
	OPERATING INCOME/(LOSS)	\$ 17,826	\$ <2,272>
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense		
	TOTAL OTHER INCOME/(EXPENSE)	\$	\$
	NET INCOME/(LOSS)	\$ 17,826	\$ <2,272>

COMPANY NAME BOYNTON WATER UTILITY COMPANY

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 191,256.77	\$ 190,708.56
460	Unmetered Water Revenue	\$ 293.68	\$ 97.43
474	Other Water Revenues		
	TOTAL REVENUES	\$ 191,550.45	\$ 191,000.99
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 12,715.60	\$ 12,925.08
610	Purchased Water		
615	Purchased Power	\$ 1,092.50	\$ 775.25
618	Chemicals		
620	Repairs and Maintenance	\$ 56,517.24	\$ 72,592.42
621	Office Supplies and Expense	\$ 1,242.24	\$ 1,596.87
630	Outside Services	\$ 4,276.04	\$ 5,561.97
635	Water Testing		
641	Rents	\$ 2,027.68	\$ 0,020.48
650	Transportation Expenses	\$ 9,011.68	\$ 10,707.65
657	Insurance - General Liability		
659	Insurance - Health and Life		
666	Regulatory Commission Expense - Rate Case		
675	Miscellaneous Expense		\$ 25.-
403	Depreciation Expense	\$ 5,340.42	\$ 6,292.53
408	Taxes Other Than Income		
408.11	Property Taxes		
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 98,529.52	\$ 119,293.25
	OPERATING INCOME/(LOSS)	\$ 93,020.87	\$ 71,605.74
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$ 26.36	\$ 43.22
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses	(49,295)	(49,295)
427	Interest Expense	(12.35)	
	TOTAL OTHER INCOME/(EXPENSE)	\$ (49,267.25)	\$ (49,251.72)
	NET INCOME/(LOSS)	\$ 43,753.52	\$ 22,353.96

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 240,832	\$ 232,823
460	Unmetered Water Revenue		
474	Other Water Revenues	3,640	3,420
	TOTAL REVENUES	\$ 243,673	\$ 236,243
	OPERATING EXPENSES		
601	Salaries and Wages	\$	\$
610	Purchased Water		
615	Purchased Power	26,898	31,837
618	Chemicals	17,000	4,790
620	Repairs and Maintenance	31,370	21,274
621	Office Supplies and Expense		
630	Outside Services	112,717	129,822
635	Water Testing	2,822	4,290
641	Rents		
650	Transportation Expenses		
657	Insurance - General Liability	4,500	4,500
659	Insurance - Health and Life		
666	Regulatory Commission Expense - Rate Case		
675	Miscellaneous Expense	1,500	1,500
403	Depreciation Expense	88,481	88,888
408	Taxes Other Than Income		
408.11	Property Taxes	10,538	11,482
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 273,827	\$ 276,873
	OPERATING INCOME/(LOSS)	\$ (29,985)	\$ (39,830)
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	4,880	3,480
	TOTAL OTHER INCOME/(EXPENSE)	\$	\$
	NET INCOME/(LOSS)	\$ (34,844)	\$ (43,280)

COMPANY NAME BRADSHAW WATER COMPANY

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Aeet. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$129,867.00	\$155,419.74
460	Unmetered Water Revenue	0.00	\$0.00
474	Other Water Revenues	1,287.00	\$641.61
	TOTAL REVENUES	\$131,154.00	\$156,061.35
	OPERATING EXPENSES		
601	Salaries and Wages	\$0	\$0
610	Purchased Water	77,970.00	59,583.41
615	Purchased Power	6,093.00	5,198.71
618	Chemicals	0	0
620	Repairs and Maintenance	1,491.00	986.14
621	Office Supplies and Expense	3,342.00	4,937.99
630/636	Outside Services (Contractual Services Other)	37,183.00	59,903.85
635	Water Testing	960.00	1,684.00
641	Rents	663.00	1,257.00
650	Transportation Expenses	0	88.00
657	Insurance - General Liability	3,074.00	3,457.00
659/631	Insurance - Health and Life (Contr. Serv. Prof.)	0	234.00
666	Regulatory Commission Expense - Rate Case	308.00	272.80
675/670	Miscellaneous Expense	2,303.00	(181.06)
403	Depreciation Expense	9,316.00	21,436.94
408	Taxes Other Than Income	0	0
408.11	Property Taxes	4,340.00	4,952.44
409	Income Tax	0	63.25
	TOTAL OPERATING EXPENSES	\$147,043.00	\$163,874.74
	OPERATING INCOME/(LOSS)	\$(15,889.00)	\$(7,813.39)
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$0	\$0
421	Non-Utility Income	3,033.00	(539.01)
426	Miscellaneous Non-Utility Expenses	0	0
427	Interest Expense	(1,083.00)	1,772.07
	TOTAL OTHER INCOME/(EXPENSE)	\$1,950.00	\$1,233.06
	NET INCOME/(LOSS)	\$(13,939.00)	\$(9,046.45)

COMPANY NAME Brooke Water Co., LLC

12/31/2012

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 824,234	\$ 814,661
460	Unmetered Water Revenue		
474	Other Water Revenues	29,120	23,893
	TOTAL REVENUES	\$ 853,354	\$ 838,554
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 77,594	\$ 67,180
610	Purchased Water	108	61
615	Purchased Power	39,039	37,293
618	Chemicals	6,168	7,484
620	Repairs and Maintenance	42,039	40,183
621	Office Supplies and Expense	965	896
630	Outside Services	2,472	2,493
635	Water Testing	9,717	17,844
641	Rents		
650	Transportation Expenses		
657	Insurance - General Liability		
659	Insurance - Health and Life	9,024	7,031
666	Regulatory Commission Expense - Rate Case		
675	Miscellaneous Expense	317,683	340,861
403	Depreciation Expense	69,000	71,680
408	Taxes Other Than Income		
408.11	Property Taxes	25,326	27,126
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 599,135	\$ 620,132
	OPERATING INCOME/(LOSS)	\$ 254,219	\$ 218,422
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income	(2,000)	
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	(17)	(31)
	TOTAL OTHER INCOME/(EXPENSE)	\$ (2,017)	\$ (31)
	NET INCOME/(LOSS)	\$ 252,202	\$ 218,391

COMPANY NAME Caballeros Water Company, Inc.**COMPARATIVE STATEMENT OF INCOME AND EXPENSE**

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 42,042	\$ 41,410
460	Unmetered Water Revenue		
474	Other Water Revenues		
	TOTAL REVENUES	\$ 42,042	\$ 41,410
	OPERATING EXPENSES		
601	Salaries and Wages	\$	\$
610	Purchased Water		
615	Purchased Power	14,656	11,187
618	Chemicals		
620	Repairs and Maintenance	63	1,121
621	Office Supplies and Expense		
630	Outside Services	4,525	3,300
635	Water Testing	863	791
641	Rents		
650	Transportation Expenses		
657	Insurance - General Liability		
659	Insurance - Health and Life		
666	Regulatory Commission Expense - Rate Case		
675	Miscellaneous Expense	710	1,686
403	Depreciation Expense	4,134	4,134
408	Taxes Other Than Income	3,057	3,261
408.11	Property Taxes	1,680	1,555
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 29,488	\$ 27,035
	OPERATING INCOME/(LOSS)	\$ 12,354	\$ 14,375
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$ 2,746	\$ 3,973
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense		
	TOTAL OTHER INCOME/(EXPENSE)	\$ 2,746	\$ 3,973
	NET INCOME/(LOSS)	\$ 15,100	\$ 18,348

COMPANY NAME *Cactus Stellar, Ltd.***COMPARATIVE STATEMENT OF INCOME AND EXPENSE**

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Motored Water Revenue	\$ 5736.99	\$ 6076.96
460	Unmotored Water Revenue		
474	Other Water Revenues		
	TOTAL REVENUES	\$ 5736.99	\$ 6076.96
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 0	\$ 0
610	Purchased Water	5673.83	6151.32
615	Purchased Power		
618	Chemicals		
620	Repairs and Maintenance	193.35	342.50
621	Office Supplies and Expense	327.64	325.00
630	Outside Services		
635	Water Testing	225.00	250.00
641	Rents		
650	Transportation Expenses		
657	Insurance - General Liability		
659	Insurance - Health and Life		
666	Regulatory Commission Expense - Rate Case		
675	Miscellaneous Expense		
403	Depreciation Expense		
408	Taxes Other Than Income		
408.11	Property Taxes		
409	Income Tax	404.44	431.46
	TOTAL OPERATING EXPENSES	\$ 7424.27	\$ 7500.28
	OPERATING INCOME/(LOSS)	\$ - 1687.27	\$ - 1423.32
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses	500.00	
427	Interest Expense		
	TOTAL OTHER INCOME/(EXPENSE)	\$	\$
	NET INCOME/(LOSS)	\$ - 2187.27	\$ - 1423.32

COMPANY NAME Camp Verde Water System, Inc.

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 1,058,181	\$ 1,077,948
460	Unmetered Water Revenue		
474	Other Water Revenues	21,287	25,763
	TOTAL REVENUES	\$ 1,079,468	\$ 1,103,711
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 476,302	\$ 507,372
610	Purchased Water		
615	Purchased Power	50,735	52,028
618	Chemicals	133	2,276
620	Repairs and Maintenance	25,422	41,164
621	Office Supplies and Expense	16,309	13,912
630	Outside Services	46,457	49,022
635	Water Testing	12,690	2,927
641	Rents	15,403	15,242
650	Transportation Expenses	33,747	25,971
657	Insurance - General Liability	23,929	21,951
659	Insurance - Health and Life	49,784	60,041
666	Regulatory Commission Expense - Rate Case		
675	Miscellaneous Expense	(29,311)	16,750
403	Depreciation Expense	240,537	198,991
408	Taxes Other Than Income	36,600	39,809
408.11	Property Taxes	44,362	56,045
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 1,043,099	\$ 1,103,501
	OPERATING INCOME/(LOSS)	\$ 36,369	\$ 210
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$ 31	\$ 31
421	Non-Utility Income	40,416	23,018
426	Miscellaneous Non-Utility Expenses	6,089	0
427	Interest Expense	(37,906)	(33,888)
	TOTAL OTHER INCOME/(EXPENSE)	\$ 8,629	\$ (10,839)
	NET INCOME/(LOSS)	\$ 44,998	\$ (10,629)

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 50,514	\$ 49,154
460	Unmetered Water Revenue		
474	Other Water Revenues		
	TOTAL REVENUES	\$ 50,514	\$ 49,154
	OPERATING EXPENSES		
601	Salaries and Wages	\$	\$
610	Purchased Water	21,590	22,797
615	Purchased Power		
618	Chemicals		
620	Repairs and Maintenance	5,587	4,125
621	Office Supplies and Expense	836	
630	Outside Services	21,656	9,163
635	Water Testing	2,145	545
641	Rents	750	2,400
650	Transportation Expenses	2,554	
657	Insurance - General Liability	744	
659	Insurance - Health and Life		
666	Regulatory Commission Expense - Rate Case		
675	Miscellaneous Expense	72	50
403	Depreciation Expense	1,903	3,320
408	Taxes Other Than Income	9,258	3,662
408.11	Property Taxes	1842	2,144
409	Income Tax		50
	TOTAL OPERATING EXPENSES	\$ 64,707	\$ 48,206
	OPERATING INCOME/(LOSS)	\$ (14,193)	\$ 948
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$ 2	\$ 1
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses / 10/2/15 647		(4,864)
427	Interest Expense	(763)	(410)
	TOTAL OTHER INCOME/(EXPENSE)	\$ (461)	\$ (4,773)
	NET INCOME/(LOSS)	\$ (14,654)	\$ (3,825)

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 146,657	\$ 150,651
460	Unmetered Water Revenue		
474	Other Water Revenues		
	TOTAL REVENUES	\$ 146,657	\$ 150,651
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 24,275	\$ 24,526
610	Purchased Water		
615	Purchased Power	14,666	18,101
618	Chemicals		
620	Repairs and Maintenance	21,575	14,977
621	Office Supplies and Expense	12,223	10,643
630	Outside Services	21,136	20,004
635	Water Testing	2185	2215
641	Rents		2600
650	Transportation Expenses	7068	6579
657	Insurance - General Liability	2231	762
659	Insurance - Health and Life		
666	Regulatory Commission Expense - Rate Case	21,232	
675	Miscellaneous Expense	158	7,138
403	Depreciation Expense	14,547	13,132
408	Taxes Other Than Income	13,510	2608
408.11	Property Taxes	6,266	18,360
409	Income Tax		1449
	TOTAL OPERATING EXPENSES	\$ 160,967	\$ 139,896
	OPERATING INCOME/(LOSS)	\$ (14,310)	\$ 10,755
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$ 5	\$ 7
421	Non-Utility Income	5276	6,158
426	Miscellaneous Non-Utility Expenses		(8,130)
427	Interest Expense	(4648)	(1529)
	TOTAL OTHER INCOME/(EXPENSE)	\$ 633	\$ (3,504)
	NET INCOME/(LOSS)	\$ (13,677)	\$ 7,251

COMPANY NAME (D) OASIS WATER CO**COMPARATIVE STATEMENT OF INCOME AND EXPENSE**

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 2,308.78	\$ 1,783.49
460	Unmetered Water Revenue	None	None
474	Other Water Revenues	None	None
	TOTAL REVENUES	\$ 2,308.78	\$ 1,783.49
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 300.00	\$ None
610	Purchased Water	?	0
615	Purchased Power	181.55	595.22
618	Chemicals	97.03	102.89
620	Repairs and Maintenance	3,992.88	3,920.1
621	Office Supplies and Expense	149.80	185.86
630	Outside Services	?	?
635	Water Testing	150.00	125.00
641	Rents	None	None
650	Transportation Expenses	2,770.11	3,919.55
657	Insurance - General Liability	1,375.00	1,375.00
659	Insurance - Health and Life	None	None
666	Regulatory Commission Expense - Rate Case	?	?
675	Miscellaneous Expense	696.00	824.00
403	Depreciation Expense	None	None
408	Taxes Other Than Income	?	?
408.11	Property Taxes	120.06	1,125.56
409	Income Tax	None	None
	TOTAL OPERATING EXPENSES	\$ 10,245.43	\$ 7,108.99
	OPERATING INCOME/(LOSS)	\$ -7,936.64	\$ -5,325.50
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$ None	\$ None
421	Non-Utility Income	None	None
426	Miscellaneous Non-Utility Expenses	None	None
427	Interest Expense	None	None
	TOTAL OTHER INCOME/(EXPENSE)	\$ 0	\$
	NET INCOME/(LOSS)	\$ -7,936.64	\$ -5,325.50

COMPANY NAME Cedar Grove Water, Inc

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 175,933	\$ 170,282
460	Unmetered Water Revenue	0	0
474	Other Water Revenues	1,050	1,170
	TOTAL REVENUES	\$ 176,983	\$ 171,452
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 82,718	\$ 75,445
610	Purchased Water	0	0
615	Purchased Power	17,650	17,973
618	Chemicals	0	0
620	Repairs and Maintenance	1,406	3,783
621	Office Supplies and Expense	8,562	8,100
630	Outside Services	11,866	23,827
635	Water Testing	2,796	1,617
641	Rents	14,360	13,975
650	Transportation Expenses	11,167	10,367
657	Insurance - General Liability	3,620	2,103
659	Insurance - Health and Life	0	1,021
666	Regulatory Commission Expense - Rate Case	450	0
675	Miscellaneous Expense	0	0
403	Depreciation Expense	16,339	16,178
408	Taxes Other Than Income	11,576	11,321
408.11	Property Taxes	4,310	3,597
409	Income Tax	0	0
	TOTAL OPERATING EXPENSES	\$ 186,820	\$ 189,307
	OPERATING INCOME/(LOSS)	\$ (9,837)	\$ (17,855)
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$ 0	\$ 0
421	Non-Utility Income	0	0
426	Miscellaneous Non-Utility Expenses	0	0
427	Interest Expense	(568)	(386)
	TOTAL OTHER INCOME/(EXPENSE)	\$ (568)	(386)
	NET INCOME/(LOSS)	\$ (10,405)	\$ (18,241)

COMPANY NAME CERBAT WATER COMPANY, INC.

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

A/cct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$102,461	123,003
460	Unmetered Water Revenue	\$	
474	Other Water Revenues	\$21,620	12,543
	TOTAL REVENUES	\$124,081	\$135,546
	OPERATING EXPENSES		
601	Salaries and Wages	\$24,050	\$33,435
610	Purchased Water	\$16,137	\$1,500
615	Purchased Power	\$30,399	\$40,133
618	Chemicals	\$729	\$218
620	Repairs and Maintenance	\$6,912	\$9,967
621	Office Supplies and Expense	\$4,831	\$5,763
630	Outside Services	\$42,682	\$37,291
635	Water Testing	\$1,374	\$3,966
641	Rents	\$1,131	\$1,838
650	Transportation Expenses	\$8,111	\$9,012
657	Insurance - General Liability	\$1,378	\$2,479
659	Insurance - Health and Life	\$	\$
666	Regulatory Commission Expense - Rate Case	\$14,841	\$1,404
675	Miscellaneous Expense	\$664	\$1,740
403	Depreciation Expense	19,961	\$25,867
408	Taxes Other Than Income	\$	\$
408.11	Property Taxes	\$	\$
409	Income Tax	\$	\$177
	TOTAL OPERATING EXPENSES	\$173,200	\$174,790
	OPERATING INCOME/(LOSS)	\$(49,119)	\$(39,244)
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income	\$	\$
426	Miscellaneous Non-Utility Expenses	\$	\$
427	Interest Expense	\$(126)	\$(5,243)
	TOTAL OTHER INCOME/(EXPENSE)	\$(126)	\$
	NET INCOME/(LOSS)	\$(49,245)	\$(44,487)

COMPANY NAME

Chaparral City Water Company Revised 8/13/2013

WATER COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$6,899,157	\$6,920,447
469	Unmetered Water Revenue	-	30
474	Other Water Revenues	\$2,091	\$69,571
	TOTAL REVENUES	\$6,901,248	\$6,990,048
	OPERATING EXPENSES		
601	Salaries and Wages	\$616,457	\$1,199,828
610	Purchased Water	\$84,149	\$811,166
615	Purchased Power	\$69,140	\$674,006
618	Chemicals	120,673	\$113,073
620	Repairs and Maintenance	106,099	\$168,218
621	Office Supplies and Expenses	18,912	889
630	Outside Services	470,847	\$617,894
635	Water Testing	28,280	30
641	Debris	-	\$1,854
660	Transportation Expenses	73,774	\$66,289
667	Insurance - General Liability	\$2,390	\$73,056
669	Insurance - Health and Life	224,890	\$209,064
685	Regulatory Compliance Expenses - Rate Case	\$4,913	\$107,099
675	Miscellaneous Expenses	\$10,074	\$1,214,882
699	Depreciation Expense	1,680,286	\$1,652,886
699	Taxes Other Than Income	71,365	\$79,871
699.11	Property Taxes	189,840	\$219,292
699	Income Tax	1,399,848	(\$69,385)
414	Gain on sale/transfer of disposal of assets	(\$70,000)	30
	TOTAL OPERATING EXPENSES	\$7,229,061	\$7,587,906
	OPERATING INCOME(LOSS)	\$1,729,187	\$1,691,360
	OTHER INCOME(EXPENSES)		
419	Interest and Dividend Income	\$575	30
421	Non-Utility Income		
425	Miscellaneous Non-Utility Expenses		
427	Interest Expense	(\$32,462)	(\$243,897)
	TOTAL OTHER INCOME(EXPENSES)	(\$31,887)	(\$243,867)
	NET INCOME(LOSS)	\$1,697,300	\$1,447,493

COMPANY NAME *CHAPARRAL WATER COMPANY*

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 152,228	\$ 136,637
460	Unmetered Water Revenue		
474	Other Water Revenues	8,265	27,52
	TOTAL REVENUES	\$ 160,493	\$ 164,159
	OPERATING EXPENSES		
601	Salaries and Wages	\$	\$
610	Purchased Water		6,746
615	Purchased Power	22,157	29,371
618	Chemicals		
620	Repairs and Maintenance	14,796	16,911
621	Office Supplies and Expense	7,895	11,091
630	Outside Services	73,316	68,950
635	Water Testing		
641	Rents		
650	Transportation Expenses		
657	Insurance - General Liability	1203	2,197
659	Insurance - Health and Life		
666	Regulatory Commission Expense - Rate Case		
675	Miscellaneous Expense		
403	Depreciation Expense	8007	6954
408	Taxes Other Than Income		
408.11	Property Taxes	14,799	13,293
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 142,243	\$ 150,513
	OPERATING INCOME/(LOSS)	\$ 18,250	\$ 13,646
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses	(411)	(1,087)
427	Interest Expense		
	TOTAL OTHER INCOME/(EXPENSE)	\$ (411)	\$ (1,087)
	NET INCOME/(LOSS)	\$ 17,839	\$ 12,559

COMPANY NAME Chino Meadows II Water Company

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 340536.02	\$ 341613.36
460	Unmetered Water Revenue		
474	Other Water Revenues	6283.56	10254.22
	TOTAL REVENUES	\$ 346819.58	\$ 351867.58
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 170823.06	\$ 163286.25
610	Purchased Water	235.00	219.00
615	Purchased Power	24838.98	22482.56
618	Chemicals	387.94	1191.50
620	Repairs and Maintenance	14567.83	10373.98
621	Office Supplies and Expense	16205.80	33101.66
630	Outside Services	7645.80	20695.38
635	Water Testing	1980.00	4323.28
641	Rents	11250.00	11700.00
650	Transportation Expenses	15565.06	27356.83
657	Insurance - General Liability	10328.80	9543.94
659	Insurance - Health and Life	2086.89	1893.00
666	Regulatory Commission Expense - Rate Case	21800.46	10073.61
675	Miscellaneous Expense	12081.24	10823.30
403	Depreciation Expense	25830.68	28840.12
408	Taxes Other Than Income	7086.85	0
408.11	Property Taxes	22421.58	16107.23
409	Income Tax	4200.00	0
	TOTAL OPERATING EXPENSES	\$ 386521.93	\$ 371813.64
	OPERATING INCOME/(LOSS)	\$ (20622.76)	\$ (19946.06)
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		8996.65
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	(1723.51)	(1470.78)
	TOTAL OTHER INCOME/(EXPENSE)	\$ (1723.51)	\$ 7525.89
	NET INCOME/(LOSS)	\$ (22346.27)	\$ (12420.17)

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 95176	\$ 102980
460	Unmetered Water Revenue		
474	Other Water Revenues	1083	1003
	TOTAL REVENUES	\$ 96259	\$ 103983
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 44217	\$ 43684
610	Purchased Water		
615	Purchased Power	11211	9895
618	Chemicals	1815	2343
620	Repairs and Maintenance	14596	9477
621	Office Supplies and Expense	7636	7371
630	Outside Services	49103	16838
635	Water Testing	4565	3120
641	Rents	500	500
650	Transportation Expenses	2319	1226
657	Insurance - General Liability	6649	4340
659	Insurance - Health and Life		
666	Regulatory Commission Expense - Rate Case		
675	Miscellaneous Expense	850	
403	Depreciation Expense	18227	10008
408	Taxes Other Than Income	5632	3921
408.11	Property Taxes	36	639
409	Income Tax	50	
	TOTAL OPERATING EXPENSES	\$ 167406	\$ 113362
	OPERATING INCOME/(LOSS)	\$(71147)	\$(9379)
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income		
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	(23148)	(15410)
	TOTAL OTHER INCOME/(EXPENSE)	\$(23148)	\$(15410)
	NET INCOME/(LOSS)	\$(94295)	\$(24789)

COMPANY NAME Circle City Co., LLC

12/31/2012

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 56,383	\$ 54,329
460	Unmetered Water Revenue		
474	Other Water Revenues	2,811	1,574
	TOTAL REVENUES	\$ 59,194	\$ 55,903
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 12,439	\$ 6,472
610	Purchased Water	58,980	58,980
615	Purchased Power	11,156	10,039
618	Chemicals		
620	Repairs and Maintenance	1,504	1,278
621	Office Supplies and Expense		
630	Outside Services	5,678	325
635	Water Testing	1,973	947
641	Rents		
650	Transportation Expenses		
657	Insurance - General Liability		
659	Insurance - Health and Life	1,035	200
666	Regulatory Commission Expense - Rate Case		
675	Miscellaneous Expense	34,036	23,435
403	Depreciation Expense	16,689	25,847
408	Taxes Other Than Income		
408.11	Property Taxes	3,120	3,122
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 146,610	\$ 130,645
	OPERATING INCOME/(LOSS)	\$ (87,416)	\$ (74,742)
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$ 43	\$
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	(3)	(2)
	TOTAL OTHER INCOME/(EXPENSE)	\$ 40	\$ (2)
	NET INCOME/(LOSS)	\$ (87,375)	\$ (74,744)

COMPANY NAME CITRUS PARK WATER CO.

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 8,225.05	\$ 7,238.77
460	Unmetered Water Revenue		
474	Other Water Revenues		
	TOTAL REVENUES	\$	\$ 7,238.77
	OPERATING EXPENSES		
601	Salaries and Wages	\$	\$ 1,977.32
610	Purchased Water		
615	Purchased Power	483.03	677.37
618	Chemicals	71.88	72.50
620	Repairs and Maintenance	716.47	462.06
621	Office Supplies and Expense	806.84	649.52
630	Outside Services	910.00	1,845.00
635	Water Testing	360.00	360.00
641	Rents		
650	Transportation Expenses	1,167.14	219.53
657	Insurance - General Liability		
659	Insurance - Health and Life		
666	Regulatory Commission Expense - Rate Case		
675	Miscellaneous Expense	219.71	192.58
403	Depreciation Expense	2524.28	2523.56
408	Taxes Other Than Income	633.85	516.96
408.11	Property Taxes	330.72	380.60
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 8,275.92	\$ 9,837.60
	OPERATING INCOME/(LOSS)	\$ (50.87)	\$ (2597.23)
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		554.34
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense		
	TOTAL OTHER INCOME/(EXPENSE)	\$	\$
	NET INCOME/(LOSS)	\$ (50.87)	\$ (2042.89)

COMPANY NAME Clearwater Utilities FYE 12/31/12

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 376321	\$ 414003
460	Unmetered Water Revenue		
474	Other Water Revenue	12784	96478
	TOTAL REVENUES	\$ 504162	\$ 510481
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 223306	\$ 217577
610	Purchased Water	5931	11779
615	Purchased Power	33040	31687
618	Chemicals		
620	Repairs and Maintenance	5518	5108
621	Office Supplies and Expense	25086	36261
630	Outside Services	4859	11538
635	Water Testing	4465	4547
641	Rents	13950	19550
650	Transportation Expenses	11995	18291
657	Insurance - General Liability	11252	10364
659	Insurance - Health and Life	15849	15294
666	Regulatory Commission Expense - Rate Case	1270	945
675	Miscellaneous Expense	14877	3335
403	Depreciation Expense	48876	54463
408	Taxes Other Than Income	19085	27199
408.11	Property Taxes	14493	42305
409	Income Tax	11074	2241
	TOTAL OPERATING EXPENSES	\$ 464926	\$ 512364
	OPERATING INCOME/(LOSS)	\$ 39236	\$ <18837
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$ 479	\$ 21
421	Non-Utility Income	11659	
426	Miscellaneous Non-Utility Expenses		<20007
427	Interest Expense	71	
	TOTAL OTHER INCOME/(EXPENSE)	\$ 12067	\$ <19797
	NET INCOME/(LOSS)	\$ 51303	\$ <38627

COMPANY NAME Coldwater Canyon Water Company

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

A/cct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 92,988	\$ 95,206
460	Unmetered Water Revenue		
474	Other Water Revenues		
	TOTAL REVENUES	\$ 92,988	\$ 95,206
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 37,200	\$ 37,200
610	Purchased Water		
615	Purchased Power	13,341	13,865
618	Chemicals		
620	Repairs and Maintenance		
621	Office Supplies and Expense		
630	Outside Services		
635	Water Testing	2,100	3,800
641	Rents		
650	Transportation Expenses	1,077	1,397
657	Insurance - General Liability	5,109	7,030
659	Insurance - Health and Life		
666	Regulatory Commission Expense - Rate Case		
675	Miscellaneous Expense	13,342	21,080
403	Depreciation Expense	9,936	13,375
408	Taxes Other Than Income	2,923	2,999
408.11	Property Taxes	3,620	5,761
409	Income Tax	45	45
	TOTAL OPERATING EXPENSES	\$ 88,693	\$ 106,152
	OPERATING INCOME/(LOSS)	\$ (4,295)	\$ (10,946)
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense		
	TOTAL OTHER INCOME/(EXPENSE)	\$ 0	\$ 0
	NET INCOME/(LOSS)	\$ (4,295)	\$ (10,946)

COMPANY NAME Community Water Company of Green Valley

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 3,959,594	\$ 3,786,566
460	Unmetered Water Revenue	23,804	14,988
474	Other Water Revenues	41,088	65,284
	TOTAL REVENUES	\$ 3,985,926	\$ 3,846,785
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 859,676	\$ 941,197
610	Purchased Water		
615	Purchased Power	182,877	223,175
618	Chemicals	32,868	28,170
620	Repairs and Maintenance	58,710	81,100
621	Office Supplies and Expense	5,285	5,875
630	Outside Services	288,212	284,788
635	Water Testing	13,835	9,221
641	Rents	1,715	1,841
650	Transportation Expenses	88,910	88,921
657	Insurance - General Liability	82,951	51,357
659	Insurance - Health and Life	188,666	180,880
666	Regulatory Commission Expense - Rate Case	24,885	24,880
675	Miscellaneous Expense	272,672	287,328
403	Depreciation Expense	883,756	822,813
408	Taxes Other Than Income	385,210	388,788
408.11	Property Taxes	118,793	128,881
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 3,392,757	\$ 3,365,040
	OPERATING INCOME/(LOSS)	\$ 521,170	\$ 511,695
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$ 20,285	\$ 23,960
421	Non-Utility Income	43,881	148,267
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	-123,274	-114,788
	TOTAL OTHER INCOME/(EXPENSE)	\$	\$
	NET INCOME/(LOSS)	\$471,862	\$567,254

COMPANY NAME

Cordes Lakes Water Company

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 433,744	\$ 434,135
460	Unmetered Water Revenue		
474	Other Water Revenues		
	TOTAL REVENUES	\$	\$
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 179,995	\$ 157,512
610	Purchased Water		
615	Purchased Power	31,723	32,623
618	Chemicals	3,813	5,243
620	Repairs and Maintenance	12,650	29,313
621	Office Supplies and Expense	14,491	17,294
630	Outside Services	33,452	37,151
635	Water Testing	1,806	5,404
641	Rents	28,150	26,400
650	Transportation Expenses	8,995	3,049
657	Insurance - General Liability	16,191	22,165
659	Insurance - Health and Life	31,775	26,323
666	Regulatory Commission Expense - Rate Case		
675	Miscellaneous Expense	5,391	4,780
403	Depreciation Expense	27,552	
408	Taxes Other Than Income	32,458	31,418
408.11	Property Taxes	18,487	19,522
409	Income Tax	45	
	TOTAL OPERATING EXPENSES	\$ 446,974	\$ 418,197
	OPERATING INCOME/(LOSS)	\$ (12,930)	\$ 15,938
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income	4,185	4,185
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense		
	TOTAL OTHER INCOME/(EXPENSE)	\$ 4,185	\$
	NET INCOME/(LOSS)	\$ (8,745)	\$ 11,753

COMPANY NAME: CP WATER COMPANY, INC.

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Aect. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$1,586	\$1,339
460	Unmetered Water Revenue	0	0
474	Other Water Revenues	36	15
	TOTAL REVENUES	\$1,622	\$1,354
	OPERATING EXPENSES		
601	Salaries and Wages	\$0	\$0
610	Purchased Water	5,285	4,651
615	Purchased Power	0	0
618	Chemicals	0	0
620	Materials and Supplies	0	(15)
621	Office Supplies and Expense	0	0
633	Contractual Services - Legal	45	0
635	Contractual Services - Testing	750	373
636	Contractual Services - Other	683	1,424
641	Rents	0	0
650	Transportation Expenses	0	0
657	Insurance - General Liability	0	0
659	Insurance - Health and Life	0	0
667	Regulatory Commission Expense - Other	0	81
675	Miscellaneous Expense	60	15
403	Depreciation Expense	0	0
408	Taxes Other Than Income	45	0
408.11	Property Taxes	0	0
670	Bad Debt Expense	370	73
409	Income Tax	(1,838)	(692)
	TOTAL OPERATING EXPENSES	\$5,400	\$5,910
	OPERATING INCOME/(LOSS)	(\$3,778)	(\$4,556)
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$0	\$0
421	Non-Utility Income	0	0
426	Miscellaneous Non-Utility Expenses	0	0
427	Interest Expense	(1)	(1)
	TOTAL OTHER INCOME/(EXPENSE)	\$ (1)	\$(1)
	NET INCOME/(LOSS)	(\$3,779)	(\$4,557)

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Exhibit B

Exhibit B	Miscellaneous Expenses		All Robert T. Hardcastle Arizona Water Companies			
	2009	2010	2011	2012		
<u>Brooke Utilities, Inc.</u>						
Payson W.C	214,601	248,909	231,299	249,525	944,334	
Tonto W.C	127,281	151,160	126,813	143,686	548,940	
Navajo W.C	48,707	63,892	52,056	53,645	218,300	
Brooke Water	331,642	383,368	317,683	340,861	1,373,554	
Circle City W.C.	30,680	34,720	34,036	23,435	122,871	
Total per Year	752,911	882,049	761,887	811,152	3,207,999	<----- 2009-2012 Total
						Robert Hardcastle WC's
					801,999.75	Businesses Misc. Expenses
					Average per Year	

COMPANY NAME Brooke Water LLC

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 842,342	\$ 819,953
460	Unmetered Water Revenue		
474	Other Water Revenues	22,663	22,000
	TOTAL REVENUES	\$ 864,985	\$ 841,953
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 88,727	\$ 78,297
610	Purchased Water	80	100
615	Purchased Power	44,001	38,544
618	Chemicals	8,282	7,041
620	Repairs and Maintenance	62,179	38,883
621	Office Supplies and Expense	672	681
630	Outside Services	2,271	2,800
635	Water Testing	24,347	21,228
641	Rents		
650	Transportation Expenses		
657	Insurance - General Liability		
659	Insurance - Health and Life	9,795	6,786
666	Regulatory Commission Expense - Rate Case	2,337	
675	Miscellaneous Expense	331,842	383,368
403	Depreciation Expense	52,755	87,884
408	Taxes Other Than Income		
408.11	Property Taxes	41,059	28,247
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 668,127	\$ 673,839
	OPERATING INCOME/(LOSS)	\$ 196,858	\$ 168,114
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		175,000
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	(155)	(38)
	TOTAL OTHER INCOME/(EXPENSE)	\$ (155)	\$ 174,962
	NET INCOME/(LOSS)	\$ 196,712	\$ 343,276

COMPANY NAME Brooke Water Co. LLC

12/31/2011

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Asect. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 819,953	\$ 824,234
460	Unmetered Water Revenue		
474	Other Water Revenues	22,000	29,120
	TOTAL REVENUES	\$ 841,953	\$ 853,354
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 78,297	\$ 77,594
610	Purchased Water	100	108
615	Purchased Power	38,544	39,039
618	Chemicals	7,041	6,168
620	Repairs and Maintenance	18,863	12,039
621	Office Supplies and Expense	683	965
630	Outside Services	2,600	2,472
635	Water Testing	21,228	9,717
641	Rents		
650	Transportation Expenses		
657	Insurance - General Liability		
659	Insurance - Health and Life	6,786	9,024
666	Regulatory Commission Expense - Rate Case		
675	Miscellaneous Expense	383,168	317,683
403	Depreciation Expense	67,884	69,000
408	Taxes Other Than Income		
408.11	Property Taxes	28,247	25,326
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 673,639	\$ 599,135
	OPERATING INCOME/(LOSS)	\$ 168,314	\$ 254,219
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income	175,000	(2,000)
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	(38)	(17)
	TOTAL OTHER INCOME/(EXPENSE)	\$ 174,962	\$ (2,017)
	NET INCOME/(LOSS)	\$ 343,276	\$ 252,202

COMPANY NAME Brooke Water Co., LLC

12/31/2012

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 824,234	\$ 814,661
460	Unmetered Water Revenue		
474	Other Water Revenues	29,120	23,893
	TOTAL REVENUES	\$ 853,354	\$ 838,554
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 77,594	\$ 67,180
610	Purchased Water	108	61
615	Purchased Power	39,039	37,293
618	Chemicals	6,168	7,484
620	Repairs and Maintenance	42,039	40,183
621	Office Supplies and Expense	965	896
630	Outside Services	2,472	2,493
635	Water Testing	9,717	17,844
641	Rents		
650	Transportation Expenses		
657	Insurance - General Liability		
659	Insurance - Health and Life	9,024	7,031
666	Regulatory Commission Expense - Rate Case		
675	Miscellaneous Expense	317,683	340,861
403	Depreciation Expense	69,000	71,680
408	Taxes Other Than Income		
408.11	Property Taxes	25,326	27,126
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 599,135	\$ 620,132
	OPERATING INCOME/(LOSS)	\$ 254,219	\$ 218,422
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income	(2,000)	
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	(17)	(31)
	TOTAL OTHER INCOME/(EXPENSE)	\$ (2,017)	\$ (31)
	NET INCOME/(LOSS)	\$ 252,202	\$ 218,391

COMPANY NAME: Circle City Water Co., L.L.C.

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 60,402	\$ 60,063
460	Unmetered Water Revenue		
474	Other Water Revenues	2,083	2,305
	TOTAL REVENUES	\$ 62,486	\$ 62,368
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 13,420	\$ 13,534
610	Purchased Water	70,874	68,980
615	Purchased Power	10,508	9,833
618	Chemicals		
620	Repairs and Maintenance	671	1,800
621	Office Supplies and Expense		
630	Outside Services	8,179	3,882
635	Water Testing	2,066	1,621
641	Rents	484	
650	Transportation Expenses		
657	Insurance - General Liability		
659	Insurance - Health and Life	237	1,068
666	Regulatory Commission Expense - Rate Case		
675	Miscellaneous Expense	30,080	34,720
403	Depreciation Expense	8,771	16,571
408	Taxes Other Than Income		
408.11	Property Taxes	2,084	2,520
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 148,886	\$ 144,228
	OPERATING INCOME/(LOSS)	\$ (86,401)	\$ (81,840)
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	(13)	(5)
	TOTAL OTHER INCOME/(EXPENSE)	\$ (13)	\$ (5)
	NET INCOME/(LOSS)	\$ (86,414)	\$ (81,845)

COMPANY NAME Circle City Water Co., L.L.C.

12/31/2011

BALANCE SHEET (CONTINUED)

Aect. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITIES		
231	Accounts Payable	\$	\$
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies	613,336	694,546
235	Customer Deposits		
236	Accrued Taxes		
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	TOTAL CURRENT LIABILITIES	\$ 613,336	\$ 694,546
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$	\$
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction	175,152	175,152
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction	111,609	111,459
272	Less: Amortization of Contributions	(9,829)	(11,359)
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	\$ 276,932	\$ 275,252
	TOTAL LIABILITIES	\$ 890,268	\$ 969,797
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$	\$
211	Paid in Capital in Excess of Par Value		
215	Retained Earnings		
218	Proprietary Capital (Sole Props and Partnerships)	(425,096)	(512,470)
	TOTAL CAPITAL	\$ (425,096)	\$ (512,470)
	TOTAL LIABILITIES AND CAPITAL	\$ 465,172	\$ 457,327

COMPANY NAME Circle City Co., LLC

12/31/2012

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 56,383	\$ 54,329
460	Unmetered Water Revenue		
474	Other Water Revenues	2,811	1,574
	TOTAL REVENUES	\$ 59,194	\$ 55,903
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 12,439	\$ 6,472
610	Purchased Water	58,980	58,980
615	Purchased Power	11,156	10,039
618	Chemicals		
620	Repairs and Maintenance	1,504	1,278
621	Office Supplies and Expense		
630	Outside Services	5,678	125
635	Water Testing	1,973	947
641	Rents		
650	Transportation Expenses		
657	Insurance - General Liability		
659	Insurance - Health and Life	1,035	200
666	Regulatory Commission Expense - Rate Case		
675	Miscellaneous Expense	34,036	23,435
403	Depreciation Expense	16,689	25,847
408	Taxes Other Than Income		
408.11	Property Taxes	3,120	3,122
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 146,610	\$ 130,645
	OPERATING INCOME/(LOSS)	\$ (87,416)	\$ (74,742)
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$ 43	\$
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	(3)	(2)
	TOTAL OTHER INCOME/(EXPENSE)	\$ 40	\$ (2)
	NET INCOME/(LOSS)	\$ (87,375)	\$ (74,744)

COMPANY NAME Navajo Water Co., Inc.

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

A/cct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 108,219	\$ 108,448
460	Unmetered Water Revenue		
474	Other Water Revenues	2,871	3,758
	TOTAL REVENUES	\$ 110,890	\$ 110,204
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 5,270	\$ 14,785
610	Purchased Water		
615	Purchased Power	7,889	7,914
618	Chemicals		
620	Repairs and Maintenance	3,262	3,723
621	Office Supplies and Expense		
630	Outside Services	24,194	200
635	Water Testing	2,615	2,350
641	Rents		
650	Transportation Expenses		
657	Insurance - General Liability		
659	Insurance - Health and Life	198	946
666	Regulatory Commission Expense - Rate Case		
675	Miscellaneous Expense	48,707	63,882
403	Depreciation Expense	10,538	10,688
408	Taxes Other Than Income		
408.11	Property Taxes	7,150	4,367
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 109,821	\$ 109,066
	OPERATING INCOME/(LOSS)	\$ 1,069	\$ 1,138
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		(49,000)
427	Interest Expense	(35)	(5)
	TOTAL OTHER INCOME/(EXPENSE)	\$ (35)	\$ (49,005)
	NET INCOME/(LOSS)	\$ 1,034	\$ (47,867)

COMPANY NAME Navajo Water Co., Inc

12/31/2011

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 106,448	\$ 106,913
460	Unmetered Water Revenue		
474	Other Water Revenues	3,756	4,444
	TOTAL REVENUES	\$ 110,204	\$ 111,357
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 14,785	\$ 12,978
610	Purchased Water		
615	Purchased Power	7,914	10,134
618	Chemicals		
620	Repairs and Maintenance	3,723	6,482
621	Office Supplies and Expense		
630	Outside Services	200	3,375
635	Water Testing	2,350	3,112
641	Rents		
650	Transportation Expenses		
657	Insurance - General Liability		
659	Insurance - Health and Life	946	434
666	Regulatory Commission Expense - Rate Case		
675	Miscellaneous Expense	63,892	52,056
403	Depreciation Expense	10,889	10,889
408	Taxes Other Than Income		
408.11	Property Taxes	4,367	4,647
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 109,066	\$ 100,776
	OPERATING INCOME/(LOSS)	\$ 1,138	\$ 10,579
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses	(49,000)	0
427	Interest Expense	(5)	(3)
	TOTAL OTHER INCOME/(EXPENSE)	\$ (49,005)	\$ (3)
	NET INCOME/(LOSS)	\$ 147,867	\$ 10,576

COMPANY NAME **Navajo Water Co., LLC** 12/31/2012

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 106,913	\$ 101,932
460	Unmetered Water Revenue		
474	Other Water Revenues	4,444	3,460
	TOTAL REVENUES	\$ 111,357	\$ 105,392
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 12,978	\$ 12,667
610	Purchased Water		
615	Purchased Power	10,134	10,186
618	Chemicals		
620	Repairs and Maintenance	6,487	11,813
621	Office Supplies and Expenses		
630	Outside Services	3,375	4,925
635	Water Testing	3,112	2,306
641	Rents		
650	Transportation Expenses		
657	Insurance - General Liability		
659	Insurance - Health and Life	434	65
666	Regulatory Commission Expense - Rate Case		
675	Miscellaneous Expense	52,056	53,645
403	Depreciation Expense	10,889	11,050
408	Taxes Other Than Income		
408.11	Property Taxes	4,647	5,865
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 100,778	\$ 111,522
	OPERATING INCOME/(LOSS)	\$ 10,579	\$ (6,130)
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	(3)	(5)
	TOTAL OTHER INCOME/(EXPENSE)	\$ (3)	\$ (5)
	NET INCOME/(LOSS)	\$ 10,576	\$ (6,135)

COMPANY NAME Payson Water Co., Inc.

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 455,280	\$ 437,182
460	Unmetered Water Revenue		
474	Other Water Revenues	18,307	10,302
	TOTAL REVENUES	\$ 471,587	\$ 447,484
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 39,280	\$ 51,581
610	Purchased Water	65,629	24,322
615	Purchased Power	80,817	80,310
618	Chemicals	3,491	42
620	Repairs and Maintenance	20,884	15,482
621	Office Supplies and Expense		
630	Outside Services	7,382	41,021
635	Water Testing	13,580	14,124
641	Rents	2,522	
650	Transportation Expenses		
657	Insurance - General Liability		
659	Insurance - Health and Life	2,210	2,374
666	Regulatory Commission Expense - Rate Case	1,381	
675	Miscellaneous Expense	214,601	248,908
403	Depreciation Expense	83,867	78,827
408	Taxes Other Than Income	13	
408.11	Property Taxes	35,237	23,634
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 560,614	\$ 558,718
	OPERATING INCOME/(LOSS)	\$ (78,827)	\$ (111,252)
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		(516,000)
427	Interest Expense	(153)	(23)
	TOTAL OTHER INCOME/(EXPENSE)	\$ (153)	\$ (516,023)
	NET INCOME/(LOSS)	\$ (79,080)	\$ (627,275)

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 437,162	\$ 474,116
460	Unmetered Water Revenue		
474	Other Water Revenues	10,302	22,923
	TOTAL REVENUES	\$ 447,464	\$ 497,039
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 51,561	\$ 56,886
610	Purchased Water	24,322	46,604
615	Purchased Power	60,319	60,782
618	Chemicals	42	
620	Repairs and Maintenance	15,492	22,692
621	Office Supplies and Expense		
630	Outside Services	41,021	48,621
635	Water Testing	14,124	17,916
641	Rents		
650	Transportation Expenses		
657	Insurance - General Liability		
659	Insurance - Health and Life	2,374	2,614
666	Regulatory Commission Expense - Rate Case		
675	Miscellaneous Expense	248,909	231,299
403	Depreciation Expense	76,927	77,458
408	Taxes Other Than Income		
408.11	Property Taxes	23,634	24,892
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 558,716	\$ 589,764
	OPERATING INCOME/(LOSS)	\$ (111,252)	\$ (92,725)
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses	(516,000)	(650)
427	Interest Expense	(23)	(10)
	TOTAL OTHER INCOME/(EXPENSE)	\$ (516,023)	\$ (660)
	NET INCOME/(LOSS)	\$ (627,275)	\$ (93,384)

COMPANY NAME Payson Water Co., Inc 12/31/2012

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 474,116	\$ 386,877
460	Unmetered Water Revenue		
474	Other Water Revenues	22,923	8,031
	TOTAL REVENUES	\$ 497,039	\$ 394,908
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 56,886	\$ 55,688
610	Purchased Water	46,604	51,953
615	Purchased Power	60,782	56,482
618	Chemicals		
620	Repairs and Maintenance	22,692	27,774
621	Office Supplies and Expense		
630	Outside Services	48,621	67,734
635	Water Testing	17,916	11,000
641	Rents		
650	Transportation Expenses		
657	Insurance - General Liability		
659	Insurance - Health and Life	2,614	266
666	Regulatory Commission Expense - Rate Case		
675	Miscellaneous Expense	231,299	249,525
403	Depreciation Expense	77,458	61,428
408	Taxes Other Than Income		
408.11	Property Taxes	24,892	11,127
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 589,764	\$ 592,977
	OPERATING INCOME/(LOSS)	\$ (92,725)	\$ (198,069)
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		771,571
426	Miscellaneous Non-Utility Expenses	(650)	
427	Interest Expense	(10)	(14)
	TOTAL OTHER INCOME/(EXPENSE)	\$ (660)	\$ 771,557
	NET INCOME/(LOSS)	\$ (93,384)	\$ 573,488

COMPANY NAME Tonto Basin Water Co., Inc

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 310,708	\$ 296,425
460	Unmetered Water Revenue		
474	Other Water Revenues	5,188	5,586
	TOTAL REVENUES	\$ 315,874	\$ 301,011
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 37,766	\$ 28,656
610	Purchased Water	288	
615	Purchased Power	31,328	31,008
618	Chemicals	1,343	
620	Repairs and Maintenance	9,358	12,848
621	Office Supplies and Expense		
630	Outside Services	7,580	2,931
635	Water Testing	7,175	7,481
641	Rents	405	
650	Transportation Expenses		
657	Insurance - General Liability		
659	Insurance - Health and Life	1,054	1,476
666	Regulatory Commission Expense - Rate Case		
675	Miscellaneous Expense	127,281	151,180
403	Depreciation Expense	37,470	39,480
408	Taxes Other Than Income		
408.11	Property Taxes	20,040	12,915
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 281,050	\$ 287,785
	OPERATING INCOME/(LOSS)	\$ 34,824	\$ 13,246
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		(103,000)
427	Interest Expense	(98)	(13)
	TOTAL OTHER INCOME/(EXPENSE)	\$ (98)	\$ (103,013)
	NET INCOME/(LOSS)	\$ 34,726	\$ (89,767)

COMPANY NAME Tonto Basin Co. Inc

12/31/2011

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Asect. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 295,425	\$ 302,428
460	Unmetered Water Revenue		
474	Other Water Revenues	5,586	9,785
	TOTAL REVENUES	\$ 301,011	\$ 312,213
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 28,655	\$ 25,419
610	Purchased Water		
615	Purchased Power	31,009	41,155
618	Chemicals		
620	Repairs and Maintenance	12,648	7,365
621	Office Supplies and Expense		
630	Outside Services	2,931	286
635	Water Testing	7,481	7,411
641	Rents		
650	Transportation Expenses		
657	Insurance - General Liability		
659	Insurance - Health and Life	1,476	883
666	Regulatory Commission Expense - Rate Case		
675	Miscellaneous Expense	151,160	126,813
403	Depreciation Expense	39,490	48,984
408	Taxes Other Than Income		
408.11	Property Taxes	12,915	14,249
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 287,765	\$ 272,565
	OPERATING INCOME/(LOSS)	\$ 13,246	\$ 39,648
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses	(103,000)	
427	Interest Expense	(13)	5
	TOTAL OTHER INCOME/(EXPENSE)	\$ (103,013)	\$ 5
	NET INCOME/(LOSS)	\$ (89,767)	\$ 39,643

COMPANY NAME Tonto Basin Co., Inc

12/31/2012

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

A/cct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 302,428	\$ 300,836
460	Unmetered Water Revenue		
474	Other Water Revenues	9,785	5,648
	TOTAL REVENUES	\$ 312,213	\$ 306,484
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 25,419	\$ 26,131
610	Purchased Water		
615	Purchased Power	41,155	33,795
618	Chemicals		
620	Repairs and Maintenance	7,365	17,315
621	Office Supplies and Expense		
630	Outside Services	286	
635	Water Testing	7,411	7,386
641	Rents		
650	Transportation Expenses		
657	Insurance - General Liability		
659	Insurance - Health and Life	883	115
666	Regulatory Commission Expense - Rate Case		
675	Miscellaneous Expense	126,813	143,686
403	Depreciation Expense	48,984	49,291
408	Taxes Other Than Income		
408.11	Property Taxes	14,249	15,314
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 272,565	\$ 293,033
	OPERATING INCOME/(LOSS)	\$ 39,648	\$ 13,451
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	5	3
	TOTAL OTHER INCOME/(EXPENSE)	\$ 5	\$ 3
	NET INCOME/(LOSS)	\$ 39,643	\$ 13,454

1

2

3

4

5

6

7

Exhibit C

Get directions My places



A 166 Mountain View Rd, Payson, AZ

B Deadeye Rd, Payson, AZ

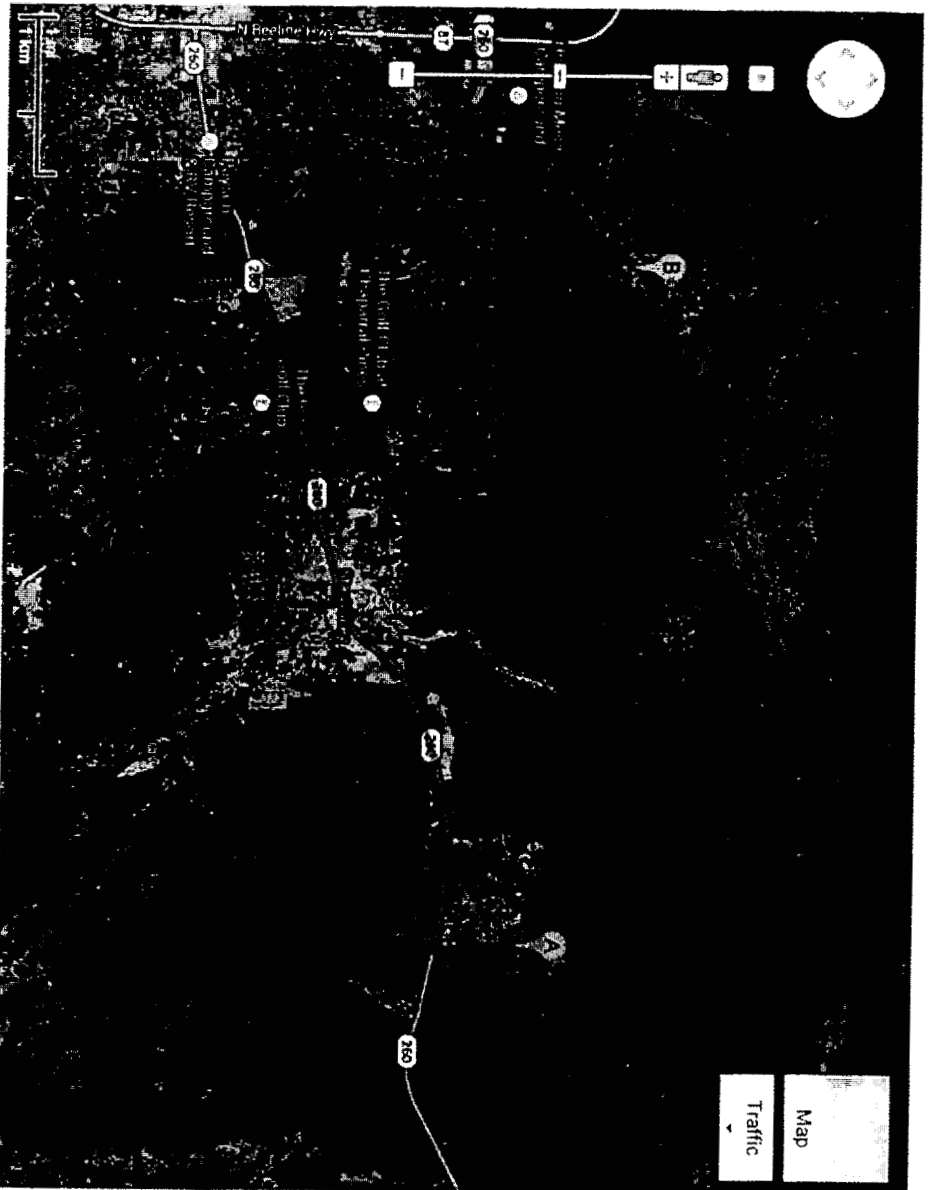
11

AZ-260 W and N Tyler Pkwy 10.0 mi, 17 mins

Driving directions to Deadeye Rd, Payson, AZ 85541

A 166 Mountain View Rd
Payson, AZ 85541

1. Head north on Mountain View Rd toward Switchman Ln
2. Take the 1st right onto Switchman Ln
3. Turn right onto Pinon Rd
4. Turn right onto AZ-260 W



TB
11/19/13
TB-1

ORIGINAL



0000149597

RECEIVED

2013 NOV 19 P 1:50

Thomas Bremer
6717 E. Turquoise Ave.
Scottsdale AZ 85253
480-209-7112

November 19, 2013

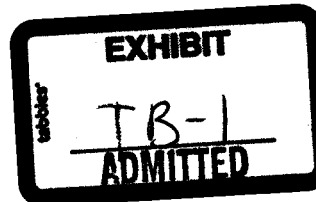
AZ CORP COMMISSION
DOCKET CONTROL

Arizona Corporation Commission

DOCKETED

Arizona Corporation Commission
Docket Control
1200 W. Washington St.
Phoenix, AZ 85007

NOV 19 2013



Subject: NOTICE OF ERRATA AND REVISION- REQUEST FOR DISCOVERY in the Applications of Payson Water Company for an Increase in its Rates and Charges for Utility Service, and to Incur Debt and Encumber its Property as Security for Such Indebtedness.

**DOCKET NO. W-03514A-13-0111 and W-03514A-13-0142 (consolidated)
Document No. 0000149561**

On November 15 I, Thomas Bremer, an intervenor in the cases of the above consolidated dockets, filed the subject Request for Discovery document with the Arizona Corporation Commission (ACC), and provided electronic copies to Payson Water Company (PWC) and their consultant and attorneys.

It was pointed out by one of the document recipients, that the copy of the document provided to him electronically is missing Page 2. Because the electronic copy was scanned directly from one of the thirteen hard copies provided to ACC Docket Control, it is likely that some or all of the other hard copies were likewise missing Page 2.

It should be noted that the original document provided to Docket Control correctly included all pages, since Document No. 0000149561 available on the ACC E-Dockets web page correctly displays all pages. I can only conclude that the missing page was the result of a copy machine mis-feed. I apologize for any inconvenience.

In order to ensure that all recipients of the subject document receive the complete document with no omissions, I am filing this Notice of Errata with the original document attached to re-file the document in its entirety.

Furthermore, per discussion during the EVP board meeting on November 16, Question 10 of Document No. 0000149561 is revised as shown below to clarify the infrastructure maintenance and upgrade items raised in the 2012 EVP water survey, and emphasizing the need to assess the soundness of asbestos cement (AC) water pipes of the type commonly used in the 1950's, when the EVP water system was installed.

Finally, it was pointed out to me via e-mail by PWC's attorney, Mr. Jay Shapiro, that requests for discovery need not be filed in the ACC docket documents. However, I consider the questions asked in the subject document to be of interest to all parties involved in the above consolidated dockets, as well as to the public at large.



Tom Bremer, East Verde Park Water Committee

Revision to Question 10 of Document No. 0000149561:

Question 10 is hereby revised as follows. The revised text is identified in italics font.

10. The PWC customers in the East Verde Estates (aka "East Verde Park" (EVP)) have long complained that the current base fee and rates for water service, though affordable, do not provide a good value in light of the decrepit state of the water infrastructure in the community. The complaints of EVP residents are summarized in the attached "Petition to Prevent Unjust and Unreasonable Increase in Fees and Rates for Water, Proposed by Payson Water Company, for Owners & Residents of the East Verde Estates Community near Payson, Arizona" (**Attachment 1**), currently being circulated in the EVP community. The EVP Water Committee requested that infrastructure improvements be made as early as September 2000 (**Attachment 2A**), and was promised that improvements would be made as priorities permit (**Attachment 2B**). No infrastructure improvements were made then or since. The poor condition of the EVP water system was the most significant concern identified in the 2012 EVP water survey (**Attachment 3, Section 5**), which was reviewed with Brooke Utilities' Robert Hardcastle in March, 2013. *Concerns raised in the survey included:*
- a) *Lack of sufficient well capacity to service EVP without frequent water restrictions, seasonal water hauling, and considering future development of the EVP community.*
 - b) *Condition of the well by the East Verde River, the foundation of which has been undermined by erosion from floods.*
 - c) *The condition of the water tank and ancillary equipment, including concerns about potential silt build-up.*
 - d) *The condition of the water pipes of the EVP system, which were assessed in 1976 to be the asbestos cement (AC) type commonly used in the 1950's when the EVP water system was installed, and which are known to have a finite life (internet sources suggest as low as 50 years, depending upon water softness and soil movement).*

Please explain in detail what improvements to EVP water infrastructure will be implemented by PWC, that justify increases in the average monthly water bill for EVP customers of \$25.58 per month, or \$306.96 per year.

Attachment: "REQUEST FOR DISCOVERY in the Applications of Payson Water Company for an Increase in its Rates and Charges for Utility Service, and to Incur Debt and Encumber its Property as Security for Such Indebtedness, dated November 14, 2013, DOCKET NO. W-03514A-13-0111 and W-03514A-13-0142 (consolidated)", Filed as ACC Document No. 0000149561 on November 15, 2013.

Copies to:
ACC Docket Control (13 copies)

Jason Williamson, President of Payson Water Company
7581 E. Academy Boulevard, Suite 229
Denver, CO 80230

Thomas J. Bourassa, Consultant for Payson Water Company
139 W. Wood Drive
Phoenix, Arizona 85029

Jay Shapiro, Attorney for Payson Water Company
Fennemore Craig P.C.
2394 E. Camelback Road, Suite 600
Phoenix, AZ 85016

Kathleen M. Reidhead, Intervenor
14406 S. Cholla Canyon Dr.
Phoenix, AZ 85044

William Sheppard, Intervenor
6250 North Central Avenue
Phoenix, AZ 85012

J. Stephen Gehring & Richard M. Burt, Intervenor
8157 W. Deadeye Rd.
Payson, AZ 85541

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November 14, 2013

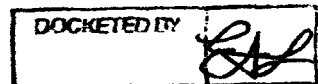
Arizona Corporation Commission
Docket Control
1200 W. Washington St.
Phoenix, AZ 85007

AZ CORP COMMISSION
DOCKET CONTROL

Thomas Bremer
6717 E. Turquoise Ave.
Scottsdale AZ 85253
480-209-7112
tcbremer@netzero.net

Arizona Corporation Commission
DOCKETED

NOV 15 2013



Subject: REQUEST FOR DISCOVERY in the Applications of Payson Water Company for an increase in its Rates and Charges for Utility Service, and to Incur Debt and Encumber its Property as Security for Such Indebtedness.

DOCKET NO. W-03514A-13-0111 and W-03514A-13-0142 (consolidated)

I, Thomas Bremer, Water Chairman of the East Verde Park (EVP) community, have been granted status as an intervenor in the subject consolidated dockets. I request that Payson Water Company (PWC) answers the following written interrogatories:

1. Please explain the relationship between the Mesa del Caballo (MDC)-Cragin project and its financing, and the general fee and rate increase affecting all communities served by PWC. If there is no relationship between these two matters, then why did PWC find it necessary to propose both in the same request, Document 0000145511 of Docket W-03514A-13-0111, dated April 22, 2013?
2. Referring to Document 0000145511 of Docket W-03514A-13-0111, dated April 22, 2013: PWC's consultant, Thomas J. Bourassa, notes that "the Company is proposing to consolidate rates for all of its systems into one." [Bourassa Testimony, p14] There is no explanation given why, other than "this makes the most sense". Please explain why it is deemed just and reasonable per Arizona Revised Statute 40-361 to charge all PWC customers the same base fees and rates throughout the various communities served by PWC, without regard to differences in the cost of providing services in the individual communities.
3. Will all of the costs of financing and operating the MDC-Cragin project be entirely paid by PWC customers in the MDC community, specifically through debt recovery surcharges, operating and maintenance recovery (O&M) surcharges, and Town of Payson commodity cost recovery surcharges?
4. Will any of the costs of financing and operating the MDC-Cragin project ever be charged to PWC customers in communities outside the MDC community?
5. Referring to Document 0000145511 of Docket W-03514A-13-0111, dated April 22, 2013: PWC's accountant, Thomas Bourassa is asked by ACC staff, "When would

the debt recovery surcharge [for the MDC-Cragin Pipeline] cease?"[Bourassa Testimony, p18] Mr. Bourassa responds, "In the next rate case, I anticipate the recovery of the capital costs and depreciation would be included in base rates and the Debt Recovery Surcharge could be discontinued." In light of PWC's stated objective to consolidate rates for all of its systems into one, this suggests that in the next rate case the recovery of the capital costs and depreciation for the MDC-Cragin Pipeline will be included in base rates for all customers of PWC, not only customers at MDC. This contradicts PWC's previous statement in the referenced document that the costs of the MDC Cragin project will be paid entirely by PWC customers in the MDC community. Please explain.

6. Referring to Document 0000145511 of Docket W-03514A-13-0111, dated April 22, 2013: PWC's accountant, Thomas J. Bourassa is asked by ACC staff, "When would the O&M recovery surcharge [for the MDC-Cragin Pipeline] cease?"[Bourassa Testimony, p19] Mr. Bourassa responds, "In the next rate case, I anticipate the recovery of the O&M costs would be included in base rates and the O&M Cost Recovery Surcharge would be discontinued." In light of PWC's stated objective to consolidate rates for all of its systems into one, this suggests that in the next rate case the operating and maintenance costs for the MDC-Cragin Pipeline will be included in base rates for all customers of PWC, not only customers at MDC. This contradicts PWC's previous statement in the referenced document that the costs of the MDC Cragin project will be paid entirely by PWC customers in the MDC community. Please explain.
7. Referring to the financial data on page 3 of Document 0000145511 of Docket W-03514A-13-0111, dated April 22, 2013: The following summary of the basis for rate and fee increases is given "During the test year [2012], PWC's adjusted gross revenues were \$320,525 from water utility service. The adjusted operating income (loss) was \$182,479, leading to an operating income deficiency of \$255,020." [p3]. Please explain the difference between an "operating income (loss)" and an "operating income deficiency".
8. Referring to the financial data on page 3 of Document 0000145511 of Docket W-03514A-13-0111, dated April 22, 2013: Since revenue minus operating expenses equals operating income, PWC's operating expenses in the 2012 test year are calculated to be approximately \$503,004 [i.e.: $\$320,525 - (-\$182,479) = \$503,004$]. Furthermore, PWC's requested revenue increase of \$399,785 will provide a total revenue after the rate and fee increase of \$720,310 [i.e.: $\$320,525 + \$399,785 = \$720,310$]. PWC is not claiming any change in operating expenses, other than costs related to the MDC-Cragin project, which are claimed to be supported by charges to MDC customers separate from the general rate and fee increases for all PWC customers. Therefore, the financial data on page 3 of the reference document indicate an operating income after the rate and fee increases of \$217,306 [i.e.: $\$720,310 - \$503,004 = \$217,306$], providing a return on the stated \$659,457 fair value rate base of 32.95% [i.e.: $\$217,306 / \$659,457 = 32.95\%$]. This is considerably higher than the stated target 11% rate of return on the fair value rate base from water operations. Please explain the disconnect.

9. What are the benefits of the MDC-Cragin project to PWC customers in communities outside of MDC?
10. The PWC customers in the East Verde Estates (aka "East Verde Park" (EVP) have long complained that the current base fee and rates for water service, though affordable, do not provide a good value in light of the decrepit state of the water infrastructure in the community. The complaints of EVP residents are summarized in the attached "Petition to Prevent Unjust and Unreasonable Increase in Fees and Rates for Water, Proposed by Payson Water Company, for Owners & Residents of the East Verde Estates Community near Payson, Arizona" (Attachment 1), currently being circulated in the EVP community. The EVP Water Committee requested that infrastructure improvements be made as early as September 2000 (Attachment 2A), and was promised that improvements would be made as priorities permit (Attachment 2B). No infrastructure improvements were made then or since. The poor condition of the EVP water system was the most significant concern identified in the 2012 EVP water survey (Attachment 3, Section 5), which was reviewed with Brooke Utilities' Robert Hardcastle in March, 2013. Please explain in detail what improvements to EVP water infrastructure will be implemented by PWC, that justify increases in the average monthly water bill for EVP customers of \$25.58 per month, or \$306.96 per year.
11. The PWC customers in the East Verde Estates (aka "East Verde Park" (EVP) have long complained that the current base fee and rates for water service, though affordable, do not provide a good value in light of the frequent water restrictions in the community. The complaints of EVP residents are summarized in the attached "Petition to Prevent Unjust and Unreasonable Increase in Fees and Rates for Water, Proposed by Payson Water Company, for Owners & Residents of the East Verde Estates Community near Payson, Arizona" (Attachment 1), currently being circulated in the EVP community. In short, PWC customers at EVP are facing a huge increase in costs for water service, but then PWC frequently and for prolonged periods imposes severe restrictions on the availability of water. The impact on EVP customers and their frustration are well-stated in the attached Payson Roundup "Letter to the Editor" in October, 2012 (Attachment 4). Most recently, in 2013, the EVP community was at Stage 3 water restrictions continuously from May through most of September. Please explain in detail what improvements to EVP water availability will be implemented by PWC, that justify increases in the average monthly water bill for EVP customers of \$25.58 per month, or \$306.96 per year.
12. Referring to Document 0000145511 of Docket W-03514A-13-0111, dated April 22, 2013: PWC's accountant, Thomas J. Bourassa is asked by ACC staff, "Why didn't the Company provide a cost of service study?" [Bourassa Testimony, p2] Mr. Bourassa responds simply that, "The substantial expense of doing a cost of service study could not be justified" However, the determination of whether PWC's proposed rate and fee increases for EVP customers are "just and reasonable" per Arizona Revised Statute 40-361 cannot be made without considering the cost of providing water service. Please provide the actual cost of providing water service to PWC customers at EVP, including supporting data.

In accordance with Item 3 of Document 0000145511 of Docket W-03514A-13-0111, dated April 22, 2013, copies of this Request for Discovery and attachments have been sent to:

- J. Williamson, Payson Water Company (Supersedant of T. Hardcastle, Brooke Utilities)
- T. Bourassa (tbl14@cox.net)
- J. Shapiro (jshapiro@fclaw.com and wbirk@fclaw.com)

CC: Arizona Corporation Commission (13)

Attachments:

1. "Petition to Prevent Unjust and Unreasonable Increase in Fees and Rates for Water, Proposed by Payson Water Company, for Owners & Residents of the East Verde Estates Community near Payson, Arizona", currently being circulated in the EVP community.
2. A. Letter from Robert E. Gardner, EVP Water Chairman, to Robert T. Hardcastle, President, Brooke Utilities, regarding water system improvement plans, September 28, 2000.
B. Letter from Robert T. Hardcastle, President, Brooke Utilities, to Robert E. Gardner, EVP Water Chairman, regarding water system improvement plans, January 23, 2001
3. East Verde Park Water Survey, December 2012
4. Payson Roundup Newspaper, Letter to the Editor, "Yes, We Have No Water", October 12, 2012

**Petition to Prevent Unjust and Unreasonable Increase in Fees and Rates for Water,
Proposed by Payson Water Company,
for Owners & Residents of the East Verde Estates Community near Payson, Arizona
(Reference ACC consolidated dockets W-03514A-13-0111 and W-03514A-13-0142)**

We, the undersigned owners and residents of the East Verde Estates community (aka: East Verde Park [EVP]), north of Payson, Arizona, object to the fee and rate increases for water service provided by JW Holdings, dba Payson Water Company (PWC), as described in PWC's application for fee and rate increase, filed with the Arizona Corporation Commission (ACC) on docket W-03514A-13-0111, and announced to EVP customers via Public Notice in September water bill enclosure.

The justification for our objection is as follows:

1. The rate and fee increases result in water bills at EVP increasing by 115% to over 220%. Such a large increase is unjust and unreasonable, inconsistent with Arizona Revised Statute 40-361: "Charges demanded or received by a public service corporation for any commodity or service shall be just and reasonable. Every unjust or unreasonable charge demanded or received is prohibited and unlawful."
2. While the owners and residents of EVP properties understand that water is a precious commodity, PWC's increases are driven in large part by a base fee increase of \$145%, from \$16.00 to \$39.24 per month, which is completely unrelated to the cost of water. Such a large increase in the base fee is unjust and unreasonable.
3. The extreme base fee increase is especially outrageous considering the frequency of water restrictions imposed on EVP owners and residents. For example, in 2013 PWC imposed Stage 3 water restrictions at EVP, continuously during the months of May through September. It is unjust and unreasonable to levy an enormous increase in the fee for water service, without assuring reasonable availability of water.
4. Review of PWC's application for rate and fee increase reveals that PWC's justification for the magnitude of the rate and fee increase is unrelated to the actual cost of providing water service at EVP. The increases are instead based on a target profit relative to asset value. While the owners and residents at EVP acknowledge PWC's right to a reasonable profit, the proposed increases are not commensurate with the historical low level of service and water system maintenance provided by PWC. It is not reasonable to impose a monthly base fee of \$39.24 per customer per month, in order to support the cost of little more than running the well pumps, reading the water meters, and billing.
5. The decrepit condition of the water infrastructure and frequent water restrictions at EVP attest to the lack of necessary maintenance and water system improvements, needed to justify any increases in fees and rates for water service at EVP.
6. The rate and fee increases proposed for EVP are inextricably linked in ACC dockets W-03514A-13-0111 and W-03514A-13-0142 for water infrastructure improvements proposed by PWC at the Mesa del Caballo community, which are completely unrelated to the circumstances at EVP. This administrative linkage between unrelated communities and issues is driving the implementation of rate and fee increases at EVP without adequate attention to the specific considerations appropriate for EVP.
7. The public notice of the rate and fee increases was given by PWC as little as 1 day prior to the Phase 1 hearing on September 25, in violation of Arizona Administrative Code R14-3-109, requiring 10 day's advance notice, thereby violating the due process rights of PWC customers at EVP.

Attachment 1, page 1 of 2

- A. Exclude EVP from the rate and fee increases proposed by PWC in consolidated dockets W-03514A-13-0111 and -0142.**
- B. Address any proposed rate and fee increases at EVP by an application to the ACC that is separate from the applications in Dockets W-03514A-13-0111 and W-03514A-13-0142.**
- C. Support any proposed rate and fee increases at EVP with an analysis of the actual costs of providing service at EVP.**
- D. Conduct an evaluation of EVP water system vulnerabilities and upgrade needs to sustain future reliable operation, as requested in the meeting between several EVP residents and PWC's Robert Hardcastle at the offices of Fennemore Craig law firm in Phoenix on March 20, 2013, and tie any proposed rate and fee increases at EVP to the implementation of necessary upgrades.**
- E. Provide Public notice to their EVP customers at least 10 days in advance of ACC hearings, consistent with Arizona Administrative Code R14-3-109.**

Signature

Attachment 1, page 2 of 2

**EAST VERDE PARK, INC.
HC 3, Box 510-A
Payson, AZ 85541**

September 28, 2000

Robert T. Handcastle, President
Brooke Utilities, Inc.
P. O. Box 82218
Bakersfield, CA 93380-2218

Dear Mr. Handcastle:

Thank you for your quick response to my letter of July 20. However, you provided little information for me to take to my Board, a matter they felt very strongly should be communicated back to you.

Please respond to our specific questions as follows:


1. We appreciate that your budgeted improvement plans remain unchanged. However, we still would like to understand what the specifics are in your budget item for East Verde Park improvements in Year 2000 for "well exploration; remodel well/tank site" at a cost of \$16,000.
2. With the marked increase in full time residents in East Verde Park, how will you address incidents where the water is inadequate and interrupted? We hope you will take this opportunity to be proactive in providing adequate water by including in future budgets needed improvements to our water system, i.e., additional storage and pumping facilities, line upgrades and improved water quality.

As I stated before, East Verde Park has a small water system with no backup. The one storage tank we have can drop from full to empty in less than a day with any excess usage and takes several days to recover. Long before the tank is empty, those residents at higher elevations are out of water. All of this leaves the pressure in the lines at dangerously low or nonexistent levels. Once again, I urge Brooke Utilities to provide additional storage and pumping facilities and increased water supply for the East Verde Park system.

We are polling our members to determine their interest in providing e-mail addresses to add to your list for communicating with customers. Those received to date are: 1) rusty@aol.com (Bob and Marilyn Gardner); 2) patc56@msn.com (Pat Morris); 3) jb747@aol.com (Ray Bakernak); 4) marsha@aol.com (Christa and Mike Hill).

Thank you for your time and consideration.

Sincerely,


Robert E. Gardner, Water Chairman
East Verde Park Homeowners Association
HC 3, Box 510-G
Payson, AZ 85541
520-474-3883

C: Carl J. Kusanek, Chairman
Arizona Corporation Commission

Jim Irvin, Member
Arizona Corporation Commission

Attachment 2A, page 1 of 1

Brooke Utilities, Inc.

P. O. Box 82318 • Bakersfield, California 93388-2218
Customer Call Center • P.O. Box 9816 • San Dimas, California 91773-9816 • (800) 278-6884

ROBERT T. HARCASLE
(661) 633-7326
Fax (800) 748-6961
RTH@brookenuilities.com

January 23, 2001

Robert E. Gardner
East Verde Park Homeowners Association
HC 3, Box 510-G
Payson, AZ 85541

Re: Water System Improvements

Dear Mr. Gardner,

Thank you for your correspondence of January 11. I recall reading the prior correspondence dated September 28, 2000 and believed I had replied thereto. Apparently, this was my error for which I apologize. We take pride in our timely response to such issues and this is one of very few that were not handled as well as expected.

We have recently developed our fiscal 2001 Operating Budget for all of our water companies. This budget includes a significant portion devoted to prioritized capital expenditures through 2006. Obviously, not all capital improvement projects can be completed as early as desired and, in some cases, as necessary. However, there is only a certain amount of funding available annually. We are required to make subjective judgement decisions that have historically been accurate more frequently than not. We examine many factors including customer demand, growth, hydrological conditions, recent precipitation and numerous business issues. Unfortunately, we cannot accomplish everything we deem necessary. Our 2001 Operating Budget has been approved by our Board of Directors.

We recognize the East Verde Park water system of Payson Water Co. requires improvements as well. However, our review of current conditions and water systems facilities conclude that our previously budgeted improvements must be deferred until the second or third quarter of 2002. This is an unfortunate but necessary decision. We have budgeted improvements totaling \$16,000 which involve water production, storage, site security, instrumentation and controls, and pressurization.

The second contention of your September 28 correspondence is not supported by the demand and production data available from our records. It is clear that the existing 40,000 gallon storage tank far exceeds daily demand since July 1999. It is also

Brooks Water LLC, Circle City Water Co. LLC, Strawberry Water Co., Inc., Pine Water Co., Inc.,
Payson Water Co., Inc., Navajo Water Co., Inc., Tonto-Buena Vista Water Co., Inc.

Attachment 2B, page 1 of 2

Robert E. Gardner
East Verde Park Homeowners Association
January 23, 2001

clear that customer growth since the same period has increased only 2%. Accordingly, the demand per customer (which is the most relevant consumption statistic) has steadily decreased since this same period. While I am aware of supply shortages during previous periods the available reasonable production qualifies as adequate for the periodic demand that exists. In some cases, this production surplus is not as great as desired and contributes to our recognition that the improvements scheduled for next year are warranted and necessary. It does not, however, appear that a regular water outage condition should be anticipated during similar periods in the future. Obviously, unexpected water main breaks or similar serious conditions can cause service interruptions.

I'm fully aware that this response is not what you desired. However, all of our more than 10,000 customers throughout Arizona believe their needs and priorities are equally or more important than East Verde Park. It is regrettable that sufficient funds do not exist to fully capitalize all of our improvements simultaneously. Reasonable, factual, and difficult decisions must be sensitively made based the best data available. We believe we have followed this course in our current capital improvements plan.

For your convenience I have attached some of the data that supports this conclusion. Please contact me if you have further questions.

Sincerely,



Robert T. Hardcastle
President

Enclosure (if applicable)

cc:

RTH correspondence file
DE, ME
WRM, R, MS ACC Commissioners
MR, ACC Engineering Dept.
Sharon/Mark/Donna

East Verde Park Water Survey

Survey Responses		30 Total Responses	
Survey Responses	30	Total Responses	
Lots	40	Total Lots Represented (about 1/3 of the lots in East Verde Park)	
Responses omitted for privacy			
Responses omitted for privacy			
1. Lot Number:		Min	Avg
2. Name of Property Owner or Resident:		1	16.32
3. Approximately how many days a month do you occupy your EVP property?		1	16.32
4. What is the source of your tap water?		Summery:	
a) Community water supply from Brooke Utilities:		> About half of the survey respondents are full-time residents.	
b) Private well:		> Remainder of respondents part time, varying from a few days a month, to being full time but only seasonally.	
5. Reliability of Water Service:			
a) Potted Water Restrictions		Min	Max
b) How often in the last year has your water availability been curtailed due to posted water restrictions? (Scale of 1 to 5: 1=Rarely, 3=Sometimes, 5= Frequently):		1	5
c) Comments from Survey Respondents:		Summery:	
<ul style="list-style-type: none"> > We are seasonal owners and are not there much except for the summers and this is the first year in a while that I have seen #3 posted for water use much of the summer. > This summer was very hard - we were on stage 3 or 5 all summer. I am scared to death that they will come and just shut off our water just for doing the daily living activities: washing myself washing clothes, flushing, cooking etc. > I self-restrict my usage in the summers when I am there. No lawn or plantings to be watered. > We do not water outdoors and do not overuse water. > Cannot remember the last time at level 1. > Would like the water to be in more abundance then we could provide a better landscape. > It is not believable that water from an aquifer that is fed by seepage from a river running over it, and no other nearby communities, is in chronically short supply. Suspect that frequent water restrictions have little to do with aquifer level, and are mostly due to inadequate system capability and tank capacity. > Is there a way that we could get an agreement with Brooke Utilities to "haul in" water at the first time we are at stage 3 and continue hauling water until our pumps can recover enough to bring us back up to stage 2 or do with aquifer level, and are mostly due to inadequate system capability and tank capacity. > I think a 2 or 3 dollar a month assessment on each water meter would cover the cost of hauling water during the dry summer, then the times like today where we are at stage 1, Brooke's can be putting away the extra money and use it when we need it in the summer? 		Summery:	
b) Water Unavailable Due to No/Low Water Pressure		Min	Max
c) How often is your water availability been curtailed due to no/low water pressure? (Scale of 1 to 5: 1=Rarely, 3=Sometimes, 5= Frequently):		1	3
d) Comments from Survey Respondents:		Summery:	
<ul style="list-style-type: none"> > Total outages occurred mostly on major holiday weekends on Sat night, but with tighter restrictions I have not experienced a total outage in 2 years. > I do not have total water outages but can detect low pressure, especially since our home is near the top of the hill where pressure loss is noticed sooner than at homes at the lower elevations. > No discernible problems as far as water supply goes. > Never. 		Summery:	
6. Quality of Water:		Min	Max
a) Rate the quality of your tap water (scale of 1 to 5: 1=Poor, 3=Adequate, 5=Excellent):		1	5
b) Comments from Survey Respondents:		Summery:	
<ul style="list-style-type: none"> > There is general consensus that water quality is poor due to high mineral content and chlorine taste and smell. 		Summery:	

December, 2012

East Verde Park Water Survey

Comments from Survey Respondents:

- > Taste of high chloride
- > Extremely Hard and cloudy
- > We have to use an RO filter system in the kitchen. And we still seem to have a lot of particulates that you can see as sediment in the bottom of the drinking glass.
- > We don't drink the water and have been warned not to because of contaminants.
- > Too hard, but expected due to source.
- > Sometimes we can smell chlorine in the water. We buy bottled water for tea/coffee because the water is so hard.
- > Acceptable water quality - we buy water for coffee, etc. usually at a cost of \$24 dollars a year at most.
- > Water is good, except there is a lot of calcium in it and it shows up in the ice cubes also.
- > Hardness and minerals.
- > No odor problems; taste as it comes from the system is not great, but that is primarily a matter of preference and what you're used to; no one can tell you if their water is contaminated unless they are having it tested regularly. The water is hard on your system and appliances. I personally use the water for everything and have no problem, but I have a softener on all water coming into the house and a reverse osmosis system on drinking and refrigerator water.
- > It don't drink the water! I use only for bath, toilet, washing, and landscape.
- > Taste is usually pretty bad.
- > Very salty and undrinkable.
- > Very hard, sometimes smells like chlorine, sometimes like frogs.
- > Would rather not drink it, also makes cloudy ice cubes.

7. Cost of Water:

	Min	Max	Ave	Summary:
a) Rate the cost of the monthly service fee from Brooke: (Scale of 1 to 5; 1=Unaffordable, 3=Reasonable, 5=Very Affordable):	3	5	3.552	> General consensus that per-gallon and service fees are reasonable. > Comments from respondents suggest that in spite of low cost, the frequency of restrictions, water quality, or other issues do not make Brooke water a good value. > Comments suggest that some people would be willing to pay more for better quality water or to avoid frequent water restrictions.
b) Rate the cost of the per-gallon charge for water from Brooke: (Scale of 1 to 5; 1=Outrageously high, 3=Reasonable, 5=Very Affordable):	2	5	3.5	

Comments from Survey Respondents:

- > The cost per gallon does seem to be an issue with us, as (a) we only come up a few days each month so usage is always low and (b) there are continued restrictions on outside watering so we cannot even wash a gear or keep flowers watered for most of the year.
- > [Cost is] reasonable, but we use very minimal gallons as we are seasonal owners.
- > I HATE that I pay \$17/month to Brooke for a water meter on a lot that has no building on it. It uses zero water.
- > Rates seem reasonable - our water bill is never more than \$21 that I recall, usually our bill at each location is around \$17 or \$18 dollars. Use 1000 gal or less for our seven days a month.
- > Would be willing to pay more for fewer restrictions.
- > The water bill here is cheap and I can't imagine where you could get it for less. Just understand that if and when Brooke Utilities is required to invest much into this system, the prices will have to go up -- so what do the people really want?
- > I would very much like to know if there is provision in the costs we pay for operation, maintenance, replacement, and upgrades since I have never seen any done. It appears that the system is maintained in its current condition with minimal expense to satisfy share holders to pay dividends.
- > The cost of water in East Verde Park is very low. Which is good, considering sometimes we don't have any and when we do it tastes awful!
- > Would gladly pay more for better quality, availability

8. Service shut off:

- a) Has Brooke Utilities ever shut off your water service, other than by your request?

Summary:

- > Water shut-off by Brooke reported by 7 respondents over the time period from 2006 to 2012.
> Main reasons given were late payment, billing error, and water leak detected by Brooke.

	Yes	No	
a) Has Brooke Utilities ever shut off your water service, other than by your request?	7	23	
b) How many times?	Min	Max	Ave
c) Approximately when?	1	3	1.429
d) Reason(s)?	Yes	No	
e) Did you receive notification in advance from Brooke?	0	4	
f) How long were you without water service?	See Summary		
g) Were you charged a fee to resume water service?	See Summary		

- Summary:
- > Of the 7 respondents who reported water shut-off by Brooke, 4 noted that they received no advance notice. Others did not respond whether they were given advance notice or not.
 - > Of the 7 respondents who reported water shut-off by Brooke, 1 noted water was off for a day; 1 for 3 hours. Others did

December, 2012

East Verde Park Water Survey

Approximate amount of the fee:		See Summary		not note the duration without water service. > Of the 7 respondents who reported water shut-off by Brooke, 2 noted a re-connect fee of \$22-26; 1 noted no fee was charged. Others did not note whether a reconnect fee was charged or not.	
<p>Comments from Survey Respondents:</p> <p>> Received mail from Brooke threatening to shut off water for non-payment. Tried to resolve but did not receive response from Brooke. Turns out the person did not have the correct contact information for Brooke.</p> <p>> We have two lots and they misapplied the payments so we had a credit on one account and a shortage on the other.</p> <p>> Shut off due to leak. We are glad they shut it off.</p> <p>> When I plan to be in AZ, I arrange service way ahead of time, and arrange a specific date for water connection. In the past, the service person has been relatively prompt in arriving within a reasonable timeframe. They disconnect after I have left.</p> <p>> We have not reported any problems except during the week our water was shut off because of late payment. The check we sent did not arrive in time to avert the cutoff of service. We paid in cash downtown and service was restored promptly.</p> <p>> I was not particularly happy because I had an extremely high water bill from it (undetected leak) and they wouldn't give me any kind of adjustment. However, I did understand they really can't do much of that because of the small system. I was from a major water system where we gave our customers a pretty good break when they had a hidden leak and had it repaired, so I did try.</p> <p>> Until I returned to the house I had no idea that the water was off or there was a turn on fee. All bills were paid immediately and I assume the water is back on. Since I do not live there the impact was marginal except for the time spent paying the bills and not being able to stay at the house over the weekend.</p> <p>> I was charged an additional EFP Reconnection for \$21.52 and Service Charge 5/8x3/4 Meter of \$16.00. Should have not been a reconnection amount as I have not had the water turned off. I called Brooke Utilities but of course no one is available to speak to me. Have not received any other notification.</p> <p>> Field representative had a shut off order for this address even though the payment had been made on time and Brooke Utilities had received payment. Water was shut off despite the field representative being told that a non-ambulatory hospice patient lived in the house.</p>					
Financial Impact:		Yes No		Summary:	
a) In the last year, have you incurred monetary loss due to water availability?		12 18		> Monetary loss due to water restrictions reported by 10 respondents.	
b) Estimated cost of purchasing potable water (ie: bottled water, bulk water for storage tank, water hauling cost, etc):		Min Max Avg		20 500 163.2	
c) Estimated cost of lost landscaping plants:		100 500 175		> Most responses indicate that costs of replacement water were related to bottled water for drinking.	
d) Other losses:		Not Quantified		> In addition to actual cost of lost landscaping plants, some comments indicate concern about loss of property value due to inability to install and maintain landscaping.	
<p>Comments from Survey Respondents:</p> <p>> Purchased a 300 gallon water tank that I fill when we are at level 1, and use the stored water to keep my plants alive when we are at stage 3 or higher. I also have a 55 gallon tank that I capture rain water and also use to water my plants.</p> <p>> We put in a rain barrel and watered our plants with that.</p> <p>> Reduced property value because of inadequate water supply—guess 1-2% of value. A Realtor or appraiser could better determine this impact.</p> <p>> Hard to quantify reduced enjoyment, inconvenience and fear that the water will run out. Afraid to plant additional plants for fear of not being able to adequately water them. Currently we only have four watered plants. Probably the biggest quantifiable cost to each of us is reduced property values.</p> <p>> How do you estimate the value of mature trees? We also had to pay for removal.</p> <p>> Losses would have been more extensive had it not been for using a generous neighbor's well water that was used to keep shrubbery and trees alive!!!</p>					
Problem Resolution		Yes No		Summary:	
a) In the last year, have you contacted Brooke regarding problems with your water service?		8 22		> 8 respondents (28% of total respondents) contacted Brooke in past year to resolve problems. > Comments indicate frustration with poor communication and lack of responsiveness from Brooke.	

December, 2012

East Verde Park Water Survey

very frustrating to communicate with their team

Comments from Survey Respondents:
 > Challenges getting in contact with representatives for help & answer the phones... very frustrating to communicate with their team
 > Sent an email requesting why we were at stage 3 and 4 for so long.
 > Contacted Brooke to find out what the water usage was during the leak.
 > In 2010 there was a water meter leak at the street. The water service to the cabin had NOT been connected, and the problem was theirs, the leak was in their pipes and meter. I had to deal with their customer service people in Costa Rica? to get a service person out. It took several days for them to arrive, and then several days to fix the problem. In the meantime, I was worried that the retaining wall in front of the cabin was eroding away due to the water that was seeping into it - as evidence, there was standing water on the concrete foundation in front of the cabin, in the hot summertime. Communication between the local Brooks repair people and the Costa Rica people was little or nonexistent and my only contact was with Costa Rica, hence no information on when the repair was scheduled, delayed, ignored. Frustrating. Perhaps there is now a local number to phone with problems ?
 > The BROOKE phone number is seldom answered by a real person. In the one instance where we called repeatedly, they did not answer at all. Their customer service is absolutely the worst. They don't even bother to call to say they won't help you—they seem to avoid any personal interaction with customers.
 > No water. WE figured it out without Brooke's help. They never responded to calls/messages. Absolutely unacceptable from a utility company. When it is possible to speak to a human being they speak very poor English.
 > Brooke's responsiveness and customer service is extremely poor. Communication is practically non-existent, and when it is possible to speak to a human being they speak very poor English.

Summary:
 > Scores for Brooke's customer service are consistently low.
 > Response time once contact was made was up to 7 days

	Yes		No		See Summary
	1	2	3	4	
b) Was the problem resolved?					
c) Was the resolution timely?					
d) How many days from your initial contact with Brooke until problem?	Min	Max	Avg		
	1	3	2.2		
e) Rate Brooke's customer service for problem resolution:	Yes	No			
(Scale of 1 to 5: 1=poor, 3=Adequate, 5=Excellent)	0	50			
f) Have you ever filed a complaint with the Arizona Corporation Commission (ACC) regarding Brooke water service?	Yes	No			
	0	50			

Summary:
 > No respondents have filed a complaint with the Arizona Corporation Commission.

Comments from Survey Respondents (General):
 > a) Comments from Survey Respondents (General):
 > It's the whole whistle-blower fear. If we complain too much then they might cut us off from the water. This isn't really OUR water in the tank it is Brooke's water supply and they can allocate that scarce resource however they wish. I am afraid to bite the hand that might 'water' me.
 > We cannot help but wonder what effect there will be on the East Verde River and our water supply when Payson begins drawing water from Blue Ridge.
 > I do, however, believe that they are quite reasonable in their cost of supplying water. For example, we have never been charged for the water hauled in by truck. We have always had a very low monthly bill, usually around \$22 or \$23. Where in Arizona can a person have water as cheap as ours?
 > We conserve more than most. It irritates me so when I see my friends and neighbors using outside water when we are on restrictions or to hear them say, "I will use all the water I want as long as it is coming through the pipes." Sad to say, but I think most people do what they want, some so sneaky that they do it in the dark and then gripe about our water supply.
 > As we do not live at EVP full time we do not have any recent water issues. In the past there have been restrictions during the extra hot summers, but were easy to comply to.
 > We very much appreciate a committee being formed to grapple with this issue. We understand that there is a lack of water in many parts of Arizona. But hopefully some solutions can be found in the near term because future solutions will be much harder to achieve and be much more costly. A win-win arrangement would be ideal such that Brooke could avoid trucking water and the residents could realize a more reliable water supply.
 > We are happy with current water and don't have any issues.
 > The cost of our water is very reasonable and I commend Brooke for hauling in the massive amounts of water that they did this year—with no extra charge to EVP residents.
 > One other beef (as long as I'm on a roll)—the individuals who have private wells need to recognize that THE WATER THEY'RE USING COMES FROM THE SAME WATER TABLE AS EVERYONE ELSE!! So while they're watering their lawns when we're on stage 4 they're taking water that all the rest of us need to drink and flush toilets!

December, 2012

East Verde Park Water Survey

b) Comments from Survey Respondents - Maintenance and Condition of Water System in East Verde Park:

- Comments that deal with maintenance and condition of EVP water system equipment have been extracted from other sections, because it became apparent that this is a widespread and significant concern to residents.
- > I have attended Board meetings in the past where the Brooke spokesperson shows up to answer questions and nothing is ever resolved. I feel that the major issue for EVP, and Brooke, is the age and condition of the water storage tank. It has to be 1/3 full of sediment by now and needs to be cleaned, or expanded with more reserve capacity. Unfortunately for all of us in EVP, the funds do not exist for EVP to make a suitable investment in the water infrastructure. Maybe there are some government grants which could be applied to fund improvements to the existing EVP water system?
 - > I realize that Brooke Utilities has not done much in the way of updating their equipment in EVP.
 - > Yes, it would be nice to have a better, up to date system, and yes, it would be good if residences at higher elevations didn't sometimes have problems with low water pressure and no water pressure. If the utility is required to make improvements to the system, the cost will have to be covered through rates.
 - > I would be interested in seeing requirements for Brookes to provide service through the ACC. I am deeply concerned that the system is being strictly run for profit with minimal expense and at some point parts of the system will fail and upgrade costs will be necessary. These costs should be calculated and set aside in our monthly payments. I doubt that they are.
 - > What makes me crazy about them [Brooke] is that they obviously have let the system continue to deteriorate into deplorable shape. I don't foresee them doing anything about this and it worries me that one day we will experience a water emergency that means the community will have NO water for days while the company tries to fix the system in a half-ass manner at a huge expense to all of us.
 - > Land surrounding well is eroding away. I've sent pictures and a letter to Brooke's as well as pointing this out to service people who service the well. They don't seem concerned. Well platform could wash away with next flood creating a water emergency.
 - > Concern is that entire system is old and decrepit. Risk of major system failure increases with passing time.
 - > Brooke bought the EVP water system only as a revenue-producing investment. It isn't certain that they have the expertise to engineer a better system, or even maintain the existing one properly.
 - > Came to EVP one weekend a few years back to find water out for entire neighborhood. Broken water line was under repair. Scattered throughout the neighborhood were digging sites where they were trying to find buried valves to isolate the area with leak. I was told that valve enclosures were full of silt (why was that not maintained?), which delayed the troubleshooting and repair. Makes you wonder what will break next.
 - > Need more storage capacity. The tank is pathetically small for a community the size of EVP. During Stage 1, surplus water should be stored, but tank can barely keep up with daily demand.
 - > Community water pipes contain asbestos as identified in an engineering survey conducted in 1976 by Bartholemew & Follet and are overdue to be replaced.
 - > Suspect that frequent water restrictions have little to do with aquifer water level, but are mostly due to inadequate system capability and tank capacity.

Payson Roundup

As of Friday, October 12, 2012

Editor:

Approximately 10 years ago I bought a piece of property in a beautiful community on the East Verde River. After many weekend trips from the Valley we can now call this home.

Yes, we have no water.

Awhile back, even before driving through our entrance I could see the ominous number 5. Doesn't get much worse than that.

Yes, we have no water.

I do my part — I go downtown to Walmart and I buy extra bottled water, fill several five-gallon water containers, take my vehicles to the car wash and collect rain water to help water my trees that are now almost mature. This won't help the trees I put in last year, which are dead and dying.

Yes, we have no water.

I take our laundry to the Laundromat in town and bring the dog to the groomer for a bath and flush only as required.

Yes, we have no water.

In 1971 while on board a ship in the Tonkin Gulf I took military showers, wet, turn off water, soap, turn water back on and rinse. It's 2012 and once again the military shower is in effect but not on board a ship.

Yes, we have no water.

Properties are for sale, but who will buy when there isn't enough water? New homes have been built and continue to be built, some quite large; we have a bed and breakfast and weekend rentals.

Yes, we have no water.

Best of all, we have a brand new beautiful monument at the entrance to our beautiful community, stating, "A River Runs Through It."

Yes, we have no water.

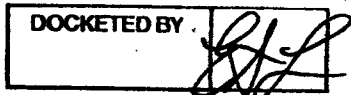
As people attempt to sell their homes or just live their daily lives I wonder why we have this problem? Well permits continue to be issued to build new homes and does anyone believe visitors will be concerned about our water issues. Will we all have to absorb the expense to drill our own well? A water truck pulls up to fill the only storage tank we have. We go from stage 5 to 4 and then we get a half-inch of rain and go to stage 3, how does that work? Did that amount of rain give us that much more water? The powers to be are quick to shut off your water without much explanation, but slow to provide the water we should have. I am quite sure my concern for our water situation has been voiced by others in the past, and I certainly don't have the answer today. I wonder how many others feel the same as I do and what can we do about it? As I load the back of my pickup with seven evergreens and my seven-foot blue spruce which are now dead and will cost approximately \$800 to replace, I wonder — A river runs through it, but a "brook" controls our water. Yes, we have no water (in) East Verde Park.

Lou Manganiello

Attachment 4, page 1 of 1

Arizona Corporation Commission
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January 6, 2014

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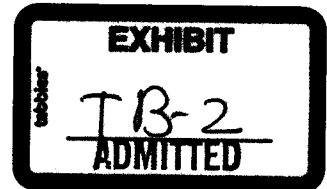
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ORIGINAL



Subject: RESPONSES TO PAYSON WATER COMPANY (PWC) REGARDING IMPACT OF WATER RATE CASE ON EAST VERDE PARK (EVP) RATE PAYERS in the Applications of Payson Water Company for an Increase in its Rates and Charges for Utility Service, and to Incur Debt and Encumber its Property as Security for Such Indebtedness.

DOCKET NO. W-03514A-13-0111 and W-03514A-13-0142 (consolidated)

References:

1. W-03514A-13-0111 Document No. 0000149561, T. Bremer Request for Discovery, November 14 2013
2. W-03514A-13-0111 Document No. 0000149597, T. Bremer Notice of Errata and Revision, November 19 2013
3. Payson Water Company Docket No. W-03514A-13-0111, Response to Thomas Bremer, East Verde Park Water Comm. First Set of Data Requests, November 22, 2013
4. W-03514A-13-0111 Document No. 0000150385, PWC Rebuttal Testimony, December 6, 2013
5. W-03514A-12-0300 Document No. 0000136602, PWC Proposed Curtailment Tariff [Water Hauling Surcharge] for EVP Water System, July 3, 2012
6. W-03514A-12-0300 Document No. 0000138079, ACC Staff Response and Rejection of PWC Proposed Curtailment Surcharge for EVP Water System, July 19, 2012
7. W-03514A-13-0111 Document No. 0000145511, PWC's Rate Increase Application

On November 15 I, Thomas Bremer, an intervenor in the cases of the above consolidated dockets, filed the Reference 1 Request for Discovery document.

On November 19 I filed the Reference 2 Notice of Errata and Revision to Reference 1.

On November 22, PWC provided by e-mail the Reference 3 response to Reference 1.

On December 6, PWC filed the Reference 4 document, which includes a renewed request for a water hauling surcharge in the EVP community.

The purpose of this present filing by intervenor Thomas Bremer is three-fold:

1. To bring to record the EVP water petition, provided in preliminary form as Attachment 1 of References 1 and 2.
2. To respond to PWC's inputs of Reference 3, which has not to date been brought to record in the docket documents.
3. To respond to PWC's re-proposal to impose water hauling surcharges on EVP customers, as described in Jason Williamson testimony of Reference 4.

In submitting this document, I do not expect response or comment from PWC before the scheduled January 13 Phase2 rate case hearing, as I expect the issues raised will be fully addressed in the hearing. However, I offer the signed EVP petition and my responses for consideration by the Arizona Corporation Commission (ACC) Staff, Judge, and Commissioners, in arriving at the ultimate decisions in the matters of the subject dockets.

Part 1: Signed Petition, "Petition to Prevent Unjust and Unreasonable Increase in Fees and Rates for Water, Proposed by Payson Water Company, for Owners & Residents of the East Verde Estates Community near Payson, Arizona"

The EVP petition was provided in Attachment 1 of References 1 and 2, without signatures, to document the basis for EVP's objection to PWC's proposed fee and rate increases. The petition with signatures from 75 EVP property owners, renters, and stakeholders affected by the PWC water service is provided in Attachment 1 of this present document.

Part 2: T. Bremer Responses to PWC's "Response to Thomas Bremer, East Verde Park Water Comm. First Set of Data Requests", November 22, 2013

The Reference 3 PWC responses to my data requests of References 1 and 2 are provided in Attachment 2. For ease of reading and interpretation, I have inserted my comments directly below the text of the PWC's responses in Reference 3.

Part 3: Response to PWC Re-proposal to Impose Water Hauling Surcharges on EVP Customers

In the Reference 4 document, specifically Part VI of the Jason Williams testimony, "Request for East Verde Park Hauling Surcharge", PWC proposes again to impose a water hauling surcharge on the ratepayers in the EVP community. The EVP Water Committee strongly objects to this proposal, for the following reasons:

1. PWC previously proposed water hauling surcharges for the EVP community, in the Reference 5 document. The ACC wisely rejected this proposal in Reference 6.

noting that "Expenses of these amounts [\$2850 for 2011 and \$5990 for 2012] provide insufficient information for Staff to conclude that any of the three usual requirements (situation of sudden change, situation of Company insolvency, or inability to maintain service) have been met to qualify as an emergency. Based on the information filed by the Company, Staff concludes there is no emergency condition existing currently." The previous reason for rejecting an EVP hauling surcharge is still valid.

2. In Reference 6, the ACC further suggested that PWC may include any such request in a future permanent rate case filing. However it is totally inappropriate for PWC to sneak additional costs into the rate case of Docket W-03514A-13-0111 at this late date, without prior disclosure, public notice, or opportunity for detailed review and debate.
3. Water hauling at EVP is necessitated by the inadequate water system infrastructure in the EVP community, as was described in Item 10 of References 1 and 2. It is not reasonable for PWC to charge ratepayers at EVP for these long-standing deficiencies.
4. In Reference 4, Mr. Williamson contends that "The wells in EVP are like most well sources in this area - they just do not produce a consistently sustainable supply in significant quantities, and it is generally uncertain whether there is more water deeper down." This statement is pure conjecture, with no substantiating data. In fact, there is evidence to the contrary. EVP is not like Mesa Del Caballo (MDC), which is located on a high mesa requiring well depths up to 450 feet. Well-drilling at MDC has been stated by PWC to entail a high risk of "dry holes". In contrast, EVP is located in a canyon atop a productive aquifer with stable water level, requiring well depth of 100 feet or less (the existing PWC wells have casing depths ranging from 40 to 100 feet, according to Reference 7). There are a number of productive private wells throughout the community, attesting to the widespread distribution of accessibility to the aquifer. The most recent private well was brought into service this past summer at 723 W. Detroit Drive.

PWC has made no attempt has been made to upgrade the 1950s-era water infrastructure at EVP, despite acknowledgement by Brooke Utilities' Robert Hardcastle as far back as 2001 that this is necessary, although deemed a low priority at the time. Refer to Mr. Hardcastle's letter of January 2001, in Attachment 2B of References 1 and 2: "We have budgeted improvements totaling \$16,000, which involve production, storage, site security, instrumentation and controls, and pressurization", and "In some cases this production surplus is not as great as desired and contributes to our [PWC's] recognition that the improvements scheduled for next year are warranted and necessary". Nothing has been done in the intervening 13 years, and now Mr. Williamson summarily dismisses infrastructure improvements in favor of water hauling surcharges.

5. In Reference 4, Mr. Williamson further contends that "Additionally, SRP, who controls the flow of the East Verde River, which runs adjacent to EVP, has some claims related to all of the water in the area." This is not true. While SRP has claim

to the surface water in the EVP community, specifically the East Verde River, SRP has no current claim to subsurface ground water in the EVP community. This was corroborated by Brooke Utilities' Robert Hardcastle during meeting with EVP representatives on March 20, 2013. The possibility for future SRP claim to groundwater at EVP was discussed at length in the meeting. Mr. Hardcastle specifically noted that PWC's groundwater sources serving EVP are under little or no influence of surface water, based on comparison of water flow measurements of the East Verde River upstream and downstream of the EVP community, providing little basis for such SRP claim under current statutes or precedents. Of course, this could change in the future, and after 13 years of non-action, one questions if PWC's strategy is to continue to stall and delay any additional well capability until such time that they can validly assert that an additional PWC well conflicts with other claims.

6. To the extent that hauling surcharges are intended to promote water conservation, it should be pointed out that the average monthly water consumption at EVP is already the third lowest of all the PWC water systems. 2012 data indicate an average per-customer consumption of 2208 gallons at EVP, compared to 3081 average for all PWC water systems. This is even lower than the 2964 gallon average 2012 monthly per-customer usage at MDC, when hauling surcharges were in effect at MDC.
7. Water production and usage data for EVP do not support a water hauling surcharge. The summary of water systems in PWC's original rate case filing, Exhibit A of Reference 7, indicate that in 2012 PWC sold 3,736,000 gallons to EVP customers, while pumping 5,923,000 gallons (see excerpt below). A full 2,187,000 more gallons were pumped from EVP wells than were sold to EVP customers. This is not explained by water leakage from the system, especially in light of the March 20 2013 meeting between Brookes Utilities' Robert Hardcastle and EVP representatives, during which Mr. Hardcastle emphatically stated that the EVP water system is sound and has very low leakage. This 2-million-plus gallon disconnect supports the conclusion that the water curtailments are not due to PWC's claim of insufficient available water in the local aquifer. This also supports anecdotal accounts by some EVP residents that PWC has in fact been hauling water out of EVP to other communities during the dry season. If PWC is pumping substantially more water at EVP than they are delivering to EVP customers, then a water hauling surcharge is outrageous.

In short, PWC's request for a water hauling surcharge at EVP is unjust, unreasonable, and should be dismissed.

Furthermore, it should be pointed out that the criteria proposed by PWC in Exhibit JW-RB3 of Reference 4, for determining a customer's compliance with mandatory water restrictions, are not reasonable, as they are not uniformly applied to all customers. Compliance is based on percentage reductions from the each customer's prior usage history, the higher of either the previous month or the same month for either of the last two years. Obviously, this history varies by customer. Under this criterion, for example, a PWC customer who is sometimes absent from EVP (not unusual for seasonal residents) and used zero gallons the prior month and zero gallons in the same month of

the preceding two years could have water service disconnected and subject to up to a \$1500 reconnection fee for using a single gallon of water.

PWC Water Use Data for EVP, Excerpt from Reference 7, Exhibit A

COMPANY NAME: Payson Water Co., Inc.				
Name of System: East Verde Park Estates ADEQ Public Water System Number: PWS 04-026				
<u>WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2012</u>				
MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	143	179		
FEBRUARY	141	251		
MARCH	141	268		
APRIL	141	311		
MAY	141	369		
JUNE	142	494		74
JULY	141	414		74
AUGUST	140	356		15
SEPTEMBER	141	304		
OCTOBER	141	314		26
NOVEMBER	141	242		18
DECEMBER	140	228		
TOTALS →		3736	5923	207

Attachments:

1. Signed Petition, "Petition to Prevent Unjust and Unreasonable Increase in Fees and Rates for Water, Proposed by Payson Water Company, for Owners & Residents of the East Verde Estates Community near Payson, Arizona"
2. Payson Water Company Docket No. W-03514A-13-0111, Response to Thomas Bremer, East Verde Park Water Comm. First Set of Data Requests, November 22, 2013 [with T. Bremer responses Jan6, 2014 inserted]

Copies to:

ACC Docket Control (13 copies)

Jason Williamson, President of Payson Water Company
7581 E. Academy Boulevard, Suite 229
Denver, CO 80230

Thomas J. Bourassa, Consultant for Payson Water Company
139 W. Wood Drive
Phoenix, Arizona 85029

Jay Shapiro, Attorney for Payson Water Company
Fennemore Craig P.C.
2394 E. Camelback Road, Suite 600
Phoenix, AZ 85016

Kathleen M. Reidhead, Intervenor
14406 S. Cholla Canyon Dr.
Phoenix, AZ 85044

William Sheppard, Intervenor
6250 North Central Avenue
Phoenix, AZ 85012

J. Stephen Gehring & Richard M. Burt, Intervenor
8157 W. Deadeye Rd.
Payson, AZ 85541

Suzanne Nee
2051 E. Aspen Dr.
Tempe, AZ 85282

Attachment 1

**Petition to Prevent Unjust and Unreasonable Increase in Fees and Rates for Water,
Proposed by Payson Water Company,
for Owners & Residents of the East Verde Estates Community near Payson, Arizona
(Reference ACC consolidated dockets W-03514A-13-0111 and W-03514A-13-0142)**

We, the undersigned owners and residents of the East Verde Estates community (aka: East Verde Park [EVP]), north of Payson, Arizona, object to the fee and rate increases for water service provided by JW Holdings, dba Payson Water Company (PWC), as described in PWC's application for fee and rate increase, filed with the Arizona Corporation Commission (ACC) on docket W-03514A-13-0111, and announced to EVP customers via Public Notice in September water bill enclosure.

The justification for our objection is as follows:

1. The rate and fee increases result in water bills at EVP increasing by 115% to over 220%. Such a large increase is unjust and unreasonable, inconsistent with Arizona Revised Statute 40-361: "Charges demanded or received by a public service corporation for any commodity or service shall be just and reasonable. Every unjust or unreasonable charge demanded or received is prohibited and unlawful."
2. While the owners and residents of EVP properties understand that water is a precious commodity, PWC's increases are driven in large part by a base fee increase of \$145%, from \$16.00 to \$39.24 per month, which is completely unrelated to the cost of water. Such a large increase in the base fee is unjust and unreasonable.
3. The extreme base fee increase is especially outrageous considering the frequency of water restrictions imposed on EVP owners and residents. For example, in 2013 PWC imposed Stage 3 water restrictions at EVP, continuously during the months of May through September. It is unjust and unreasonable to levy an enormous increase in the fee for water service, without assuring reasonable availability of water.
4. Review of PWC's application for rate and fee increase reveals that PWC's justification for the magnitude of the rate and fee increase is unrelated to the actual cost of providing water service at EVP. The increases are instead based on a target profit relative to asset value. While the owners and residents at EVP acknowledge PWC's right to a reasonable profit, the proposed increases are not commensurate with the historical low level of service and water system maintenance provided by PWC. It is not reasonable to impose a monthly base fee of \$39.24 per customer per month, in order to support the cost of little more than running the well pumps, reading the water meters, and billing.
5. The decrepit condition of the water infrastructure and frequent water restrictions at EVP attest to the lack of necessary maintenance and water system improvements, needed to justify any increases in fees and rates for water service at EVP.
6. The rate and fee increases proposed for EVP are inextricably linked in ACC dockets W-03514A-13-0111 and W-03514A-13-0142 for water infrastructure improvements proposed by PWC at the Mesa del Caballo community, which are completely unrelated to the circumstances at EVP. This administrative linkage between unrelated communities and issues is driving the implementation of rate and fee increases at EVP without adequate attention to the specific considerations appropriate for EVP.
7. The public notice of the rate and fee increases was given by PWC as little as 1 day prior to the Phase1 hearing on September 25, in violation of Arizona Administrative Code R14-3-109, requiring 10 day's advance notice, thereby violating the due process rights of PWC customers at EVP.

Therefore, we, the owners and residents of East Verde Park, hereby petition the Arizona Corporation Commission to require Payson Water Company to:

- A. Exclude EVP from the rate and fee increases proposed by PWC in consolidated dockets W-03514A-13-0111 and -0142.
- B. Address any proposed rate and fee increases at EVP by an application to the ACC that is separate from the applications in Dockets W-03514A-13-0111 and W-03514A-13-0142.
- C. Support any proposed rate and fee increases at EVP with an analysis of the actual costs of providing service at EVP.
- D. Conduct an evaluation of EVP water system vulnerabilities and upgrade needs to sustain future reliable operation, as requested in the meeting between several EVP residents and PWC's Robert Hardcastle at the

Attachment 1

offices of Fennemore Craig law firm in Phoenix on March 20, 2013, and tie any proposed rate and fee increases at EVP to the implementation of necessary upgrades.

- E. Provide Public notice to their EVP customers at least 10 days in advance of ACC hearings, consistent with Arizona Administrative Code R14-3-109.

Signed by Residents and Owners at East Verde Park, Customers of Payson Water Company:

Printed Name	Signature
1 Thomas Bremer	Thomas Bremer
2 Paulette Weaver	Paulette Weaver
3 MARY CAMBIER	Mary Cambier
4 Lori Phundeller	Lori Phundeller
5 William Schultz	William Schultz
6 Ruby Hunt	Ruby Hunt
7 Carol O Farrell	Carol O Farrell
8 John A. Dunt	John A. Dunt
9 RUKA AND JERRY McBEANNEY	Ruka and Jerry McBeannery
10 HAL Lunde	Hal Lunde
11 Ken Hogan	Ken Hogan
12 Marguerite Young	Marguerite Young
13 PATRIKIA GALICHO	Patricia Galicho
14 DONALD BROOKS	Donald Brooks
15 MICHAEL GUTMACHER	Michael Gutmacher
16 Amy G. Wurtz	Amy G. Wurtz
17 DONALD L KOMAR	Donald L Komar
18 MARTIN L. CHRYSTY	Martin L Christy
19 GEORGE FRANKS	George Franks
20 TAMARA KINNAMAN	Tamara Kinnaman
21 James M. Hinton	James M. Hinton
22 Matalyn Gardner	Matalyn Gardner
23 Joan Perkins	Joan Perkins
24 Gerald W Nenniger Jr	Gerald W Nenniger Jr
25 Mike McDONALD	Mike McDonald

Attachment 1

offices of Fennemore Craig law firm in Phoenix on March 20, 2013, and tie any proposed rate and fee increases at EVP to the implementation of necessary upgrades.

- E. Provide Public notice to their EVP customers at least 10 days in advance of ACC hearings, consistent with Arizona Administrative Code R14-3-109.

Signed by Residents and Owners at East Verde Park, Customers of Payson Water Company:

Printed Name	Signature
26 Kathy Pierce	Kathy Pierce
27 Bobbie Pierce	Bobbie Pierce
28 MARY Lou Kellogg	Mary Lou Kellogg
29 Ruth E Hudson	Ruth E. Hudson
30 Julie Green	Julie Green
31 Craig Green	Craig Green
32 Weldon J. Green	Weldon J. Green
33 Mary Helen Green	Mary Helen Green
34 Doug Eckhardt	Doug Eckhardt
35 Julie Eckhardt	Julie Eckhardt
36 Ed Eckhardt	Ed Eckhardt
37 ANGIE COCKLE	A. T. Cockle
38 Mick COCKLE	Mick Cockle
39 Denise Roth	Denise Roth
40 Donald Vaughn	Donald Vaughn
41 Peggy Vaughn	Peggy Vaughn
42 Mary Greenwalt	Mary Greenwalt
43 Ken Greenwalt	Ken Greenwalt
44 John D. Gilligan	John D. Gilligan
45 Kathy J. Gilligan	Kathy J. Gilligan
46 Mary Jo Eckhardt	Mary Jo Eckhardt
47 ANNA M. CHRISTY	Anna M. Christy

Attachment 1

offices of Fennemore Craig law firm in Phoenix on March 20, 2013, and tie any proposed rate and fee increases at EVP to the implementation of necessary upgrades.

- E. Provide Public notice to their EVP customers at least 10 days in advance of ACC hearings, consistent with Arizona Administrative Code R14-3-109.

Signed by Residents and Owners at East Verde Park, Customers of Payson Water Company:

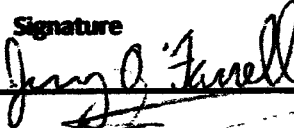
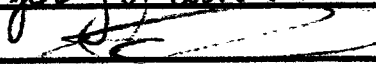

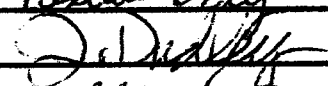

Printed Name	Signature
48 Linda A. Kruse	Linda A. Kruse 10/23/13 Lot #294
49 Richard Landshut	Richard Landshut
50 Brad Foxberger	Brad Foxberger "
51 RAF BALCERZAK	RAF BALCERZAK 2/15/13 #1372138
52 DAVID WRIGHT	David Wright 11/8/13 LOT #20 #21
53 NANA WRIGHT	Nana Wright 11/14/13 25 21
54 Verla Dockter	Verla Dockter 11/15/13 Lot 198-197
55 Susan McLean	Susan McLean 12/15/13 180
56 Gail Phillips-Hewlett	Gail Phillips-Hewlett
57 C. Roberts Hewlett	C. Roberts Hewlett
58 RICHARD BARRY	Richard Barry
59 SANDRA BARRY	Sandra Barry
60 Robert Gordon	Robert Gordon
61 Mary Gordon	Mary Gordon
62 JUDITH SHERMAN	Judith Sherman
63 Debbie Webb	Debbie Webb
64 HERBERT L. SHERMAN	Herbert L. Sherman

Attachment 1

offices of Fennemore Craig law firm in Phoenix on March 20, 2013, and tie any proposed rate and fee increases at EVP to the implementation of necessary upgrades.


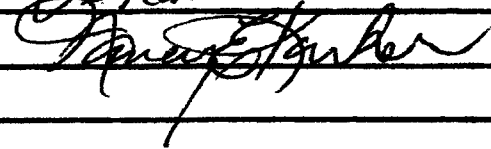
- E. Provide Public notice to their EVP customers at least 10 days in advance of ACC hearings, consistent with Arizona Administrative Code R14-3-109.

Signed by Residents and Owners at East Verde Park, Customers of Payson Water Company:

Printed Name	Signature
65 Jerry O'Farrell	
66 John JERRY	
67 William Dudley	
68 Jessica Dudley	
69 G Kessler	

Printed Name	Signature
70 KENNETH KROHN	
71 GERALDINE KROHN	Geraldine Krohn

Printed Name	Signature
72 LEE J. ACCIACCA	
73 Pamela L. Acciaccia	

Printed Name	Signature
74 VIC KAMBER	
75 NANCY E. KAMBER	

**PAYSON WATER COMPANY
DOCKET NO. W-03514A-13-0111
RESPONSE TO THOMAS BREMER,
EAST VERDE PARK WATER COMM.
FIRST SET OF DATA REQUESTS**

November 22, 2013

Response provided by: Jason Williamson

Title: President

Company: Payson Water Company

Address: 7581 E. Academy Blvd., Suite 229
Denver, CO 80230

Company Response Number: 1

[T. Bremer Question] Q.

Please explain the relationship between the Mesa del Caballo (MDC)-Cragin project and its financing, and the general fee and rate increase affecting all communities served by PWC. If there is no relationship between these two matters, then why did PWC find it necessary to propose both in the same request, Document 0000145511 of Docket W-03514A13-0111, dated April 22, 2013?

[PWC] RESPONSE: If by "general fee and rate increase" the Intervenor means the determination of a Company-wide revenue requirement that provides the Company with a reasonable opportunity to recover its authorized return, then no, the cost of the financing the MDC-Cragin Project is not connected. The Company is not sure what is meant by both being filed in the same request as the Company filed a rate case on April 22, 2013 and a financing request on May 17, 2013. Consolidation of the two matters was not sought until August 15, 2013. It is appropriate to consider the two matters together, however, because the Company's overall financial health (to be achieved through the requested additional revenue) is necessary in order to show it can service debt. While the Company proposes that the direct cost for servicing debt will be funded only by the users of the capital improvements through a surcharge, the Company could not finance the project if its overall financial health was deemed to be inadequate to allow it to recover its cost of service. ACC and WIFA both define cost of service to be a return on and of the fair value of the utility's rate base in addition to the operating costs.

T. Bremer Response, Jan6, 2014: PWC's original rate increase application, Document 0000145511 of Docket W-03514A13-0111, dated April 22, 2013, proposed both the company-wide revenue requirement and the fees specific to the MDC-Cragin issue. Therefore, it is correct to assert that these two matters were linked well before PWC filed the Motion to Consolidate dockets 03514A13-0111 (rate case) and W-03514A-13-0142, on August 15, 2013.

**PAYSON WATER COMPANY
DOCKET NO. W-03514A-13-0111
RESPONSE TO THOMAS BREMER,
EAST VERDE PARK WATER COMM.
FIRST SET OF DATA REQUESTS**

November 22, 2013

Response provided by: Thomas J. Bourassa, CPA

Title: Rate Consultant

Address: 139 W. Wood Drive

Phoenix, AZ 85029

Company Response Number: 2

[T. Bremer Question] Q.

Referring to Document 0000145511 of Docket W-03514A-13-0111, dated April 22, 2013: PWC's consultant, Thomas J. Bourassa, notes that "the Company is proposing to consolidate rates for all of its systems into one." [Bourassa Testimony, p14] There is no explanation given why, other than "this makes the most sense". Please explain why it is deemed just and reasonable per Arizona Revised Statute 40-361 to charge all PWC customers the same base fees and rates throughout the various communities served by PWC, without regard to differences in the cost of providing services in the individual communities.

[PWC] RESPONSE: There are a number of reasons why rate consolidation makes sense including: 1) all of the systems are owned and operated by a single utility; 2) rate consolidation is consistent with the functional consolidation in metering services, billing, collecting, management and customer service; 3) economies of scale are achieved by sharing costs over a greater number of customers; 4) all of the systems are located in the same geographical area; 5) consolidated rates promote rate and revenue stability, and improved affordability for customers of small systems; 6) equalizing rates through consolidation of systems provides a smoothing effect over discrete cost spikes across systems and over time, much like insurance pooling; 7) consolidated rates are easier to implement and less costly to administer; and 8) the predecessor water utilities (United Systems and C&S Water) were previously under consolidated rate designs.

T. Bremer Response, Jan6, 2014: I understand the rationale, but the justification seems weak. The overall justification for a uniform rate across all systems seems to be convenience for PWC, and not fairness to customers.

**PAYSON WATER COMPANY
DOCKET NO. W-03514A-13-0111
RESPONSE TO THOMAS BREMER,
EAST VERDE PARK WATER COMM.
FIRST SET OF DATA REQUESTS**

November 22, 2013

Response provided by: Jason Williamson

Title: President

Company: Payson Water Company

Address: 7581 E. Academy Blvd., Suite 229

Denver, CO 80230

Company Response Number: 3

[T. Bremer Question] Q.

Will all of the costs of financing and operating the MDC-Cragin project be entirely paid by PWC customers in the MDC community, specifically through debt recovery surcharges, operating and maintenance recovery (O&M) surcharges, and Town of Payson commodity cost recovery surcharges? [PWC] RESPONSE: That is up to the Commission, however, in the pending dockets the Company has requested that cost recovery related to the MDC Cragin project come only from customers in the MDC system.

T. Bremer Response, Jan6, 2014: Here is Judge Node's footnote on page 4 of W-03514A-13-0111 Document 0000148779: "Further, contrary to the concerns expressed by certain customers located in other systems outside Mesa del Caballo, PWC's financing request for the Cragin pipeline, including the expedited Phase 1 request for the Payson interconnection, will affect only customers in the Mesa del Caballo system and not customers in other PWC systems." Clearly Judge Nodes was under the impression when he wrote this footnote that the MDC-Cragin financing and costs will not affect communities other than MDC. However, the PWC response above suggests that this has not been established for certain. Any spill-over of MDC-Cragin financing and M&O costs to other communities is not just and reasonable.

**PAYSON WATER COMPANY
DOCKET NO. W-03514A-13-0111
RESPONSE TO THOMAS BREMER,
EAST VERDE PARK WATER COMM.
FIRST SET OF DATA REQUESTS**

November 22, 2013

Response provided by: Jason Williamson

Title: President

Company: Payson Water Company

Address: 7581 E. Academy Blvd., Suite 229

Denver, CO 80230

Company Response Number: 4

[T. Bremer Question] Q.

Will any of the costs of financing and operating the MDC-Cragin project ever be charged to PWC customers in communities outside the MDC community?

[PWC] RESPONSE: That is up to the Commission and the Company cannot state what a future Commission might determine is just and reasonable. At this time, as stated in response to Data Request 3 supra, the Company seeks to recover those costs from the MDC customers.

T. Bremer Response, Jan6, 2014: See response to Question No. 3.

**PAYSON WATER COMPANY
DOCKET NO. W-03514A-13-0111
RESPONSE TO THOMAS BREMER,
EAST VERDE PARK WATER COMM.
FIRST SET OF DATA REQUESTS**

November 22, 2013

Response provided by: Thomas J. Bourassa, CPA

Title: Rate Consultant

Address: 139 W. Wood Drive

Phoenix, AZ 85029

Company Response Number: 5

[T. Bremer Question] Q.

Referring to Document 0000145511 of Docket W-03514A-13-0111, dated April 22, 2013: PWC's accountant, Thomas Bourassa is asked by ACC staff, "When would the debt recovery surcharge [for the MDC-Cragin Pipeline] cease?" [Bourassa Testimony, p18] Mr. Bourassa responds, "In the next rate case, I anticipate the recovery of the capital costs and depreciation would be included in base rates and the Debt Recovery Surcharge could be discontinued." In light of PWC's stated objective to consolidate rates for all of its systems into one, this suggests that in the next rate case the recovery of the capital costs and depreciation for the MDC-Cragin Pipeline will be included in base rates for all customers of PWC, not only customers at MDC. This contradicts PWC's previous statement in the referenced document that the costs of the MDC Cragin project will be paid entirely by PWC customers in the MDC community. Please explain.

[PWC] RESPONSE: As is typical, debt recovery surcharges are generally intended to be temporary. The purpose of a debt recovery surcharge mechanism is to allow a utility to be able to pay the principle and interest payments on the loan and to meet loan debt service coverage requirements for needed new plant investment that are not captured in the current revenue requirement and rates. Eventually, the plant investment and associated costs are embedded in base rates and the surcharge eliminated. In a future rate case the Commission will decide if the debt recovery surcharge is eliminated and how inclusion of the cost of the Cragin Pipeline in base rates will be implemented; whether that is inclusion in all base rates or just base rates for MDC customers.

T. Bremer Response, Jan6, 2014: See Response to Question No. 3.

**PAYSON WATER COMPANY
DOCKET NO. W-03514A-13-0111
RESPONSE TO THOMAS BREMER,
EAST VERDE PARK WATER COMM.
FIRST SET OF DATA REQUESTS**

November 22, 2013

Response provided by: Thomas J. Bourassa, CPA

Title: Rate Consultant

Address: 139 W. Wood Drive

Phoenix, AZ 85029

Company Response Number: 6

[T. Bremer Question] Q.

Referring to Document 0000145511 of Docket W-03514A-13-0111, dated April 22, 2013: PWC's accountant, Thomas J. Bourassa is asked by ACC staff, "When would the O&M recovery surcharge [for the MDC-Cragin Pipeline] cease?" [Bourassa Testimony, p19] Mr. Bourassa responds, "In the next rate case, I anticipate the recovery of the O&M costs would be included in base rates and the O&M Cost Recovery Surcharge would be discontinued." In light of PWC's stated objective to consolidate rates for all of its systems into one, this suggests that in the next rate case the operating and maintenance costs for the MDC-Cragin Pipeline will be included in base rates for all customers of PWC, not only customers at MDC. This contradicts PWC's previous statement in the referenced document that the costs of the MDC Cragin project will be paid entirely by PWC customers in the MDC community. Please explain. [PWC] RESPONSE: Mr. Bourassa only anticipates the O&M surcharge would be included in base rates. Further, he did not specify whether the base rates for all customers or just the MDC customer base rates would be impacted. In a future rate case the Commission will decide whether elimination of the O&M surcharge is warranted and, if the O&M surcharge is eliminated, how inclusion of the O&M costs in base rates will be implemented.

T. Bremer Response, Jan6, 2014: See Response to Question No. 3.

**PAYSON WATER COMPANY
DOCKET NO. W-03514A-13-0111
RESPONSE TO THOMAS BREMER,
EAST VERDE PARK WATER COMM.
FIRST SET OF DATA REQUESTS**

November 22, 2013

Response provided by: Jason Williamson

Title: President

Company: Payson Water Company

Address: 7581 E. Academy Blvd., Suite 229

Denver, CO 80230

Company Response Number: 7

[T. Bremer Question] Q.

Referring to the financial data on page 3 of Document 0000145511 of Docket W-03514A-13-0111, dated April 22, 2013: The following summary of the basis for rate and fee increases is given "During the test year [2012], PWC's adjusted gross revenues were \$320,525 from water utility service. The adjusted operating income (loss) was \$182,479, leading to an operating income deficiency of \$255,020." [p3]. Please explain the difference between an "operating income (loss)" and an "operating income deficiency".

[PWC] RESPONSE: Operating Income (Loss) is Operating Revenues less Operating Expenses. Operating income deficiency refers the difference between the Required Operating Income and the Operating Income (Loss). The Required Operating Income is the Rate Base times the Required Rate of Return.

T. Bremer Response, Jan6, 2014: OK, thanks.

PAYSON WATER COMPANY
DOCKET NO. W-03514A-13-0111
RESPONSE TO THOMAS BREMER,
EAST VERDE PARK WATER COMM.
FIRST SET OF DATA REQUESTS

November 22, 2013
Response provided by:
Title:
Company:
Payson Water Company
Address:

Company Response Number: 8

[T. Bremer Question] Q.

Referring to the financial data on page 3 of Document 0000145511 of Docket W-03514A-13-0111, dated April 22, 2013: Since revenue minus operating expenses equals operating income, PWC's operating expenses in the 2012 test year are calculated to be approximately \$503,004 [i.e.: $\$320,525 - (-\$182,479) = \$503,004$]. Furthermore, PWC's requested revenue increase of \$399,785 will provide a total revenue after the rate and fee increase of \$720,310 [i.e.: $\$320,525 + \$399,785 = \$720,310$]. PWC is not claiming any change in operating expenses, other than costs related to the MDC-Cragin project, which are claimed to be supported by charges to MDC customers separate from the general rate and fee increases for all PWC customers. Therefore, the financial data on page 3 of the reference document indicate an operating income after the rate and fee increases of \$217,306 [i.e.: $\$720,310 - \$503,004 = \$217,306$], providing a return on the stated \$659,457 fair value rate base of 32.95% [i.e.: $\$217,306 / \$659,457 = 32.95\%$]. This is considerably higher than the stated target 11% rate of return on the fair value rate base from water operations. Please explain the disconnect.

[PWC] OBJECTION: The Company does not agree with the calculations contained in the data request that result in the allegation that it is seeking or would receive a return on rate base in excess of 30 percent. The Company's direct filing, including the schedules contained therein, speak for themselves and reflect the Company's request for recovery of operating expenses (including property and income taxes) equal to \$647,770 and a return on its proposed rate base equal \$72,540. These figures can be found on the Schedule C-1, page 1 (last column). The total revenue requirement the Company proposed in its direct filing is \$720,310 (\$647,770 plus \$72,540). The \$720,310 revenue requirement is shown on Schedule A-1. The Company's proposed rate of return on rate base is the weighted cost of capital consisting of a capital structure of 100 percent equity at a cost of 11 percent and 0 percent debt as shown on Schedule D-1 and summarized on Schedule A-1.

T. Bremer Response, Jan6, 2014: I still cannot draw a clear connection between the PWC financial data page 3 of Document 0000145511 of Docket W-03514A-13-0111 and the schedules. At this point I don't intend to explore this further, as ACC staff also has some issues with PWC's method and math, as evidenced by staff filings.

**PAYSON WATER COMPANY
DOCKET NO. W-03514A-13-0111
RESPONSE TO THOMAS BREMER,
EAST VERDE PARK WATER COMM.
FIRST SET OF DATA REQUESTS**

November 22, 2013

Response provided by: Jason Williamson

Title: President

Company: Payson Water Company

Address: 7581 E. Academy Blvd., Suite 229

Denver, CO 80230

Company Response Number: 9

[T. Bremer Question] Q.

What are the benefits of the MDC-Cragin project to PWC customers in communities outside of MDC.

[PWC] RESPONSE: The most significant benefit to customers outside MDC will be the ability of PWC's management to allocate more time and resources to other system needs, once the biggest water supply issue facing PWC has been resolved.

T. Bremer Response, Jan6, 2014: OK, as long as MDC customers are happy with the Cragin project and are willing to fully pay for it.

**PAYSON WATER COMPANY
DOCKET NO. W-03514A-13-0111
RESPONSE TO THOMAS BREMER,
EAST VERDE PARK WATER COMM.
FIRST SET OF DATA REQUESTS**

November 22, 2013

Response provided by:

Title:

Company: Payson Water Company

Address:

Company Response Number: 10 (revised)

[T. Bremer Question] Q.

The PWC customers in the East Verde Estates (aka "East Verde Park" (EVP) have long complained that the current base fee and rates for water service, though affordable, do not provide a good value in light of the decrepit state of the water infrastructure in the community. The complaints of EVP residents are summarized in the attached "Petition to Prevent Unjust and Unreasonable Increase in Fees and Rates for Water, Proposed by Payson Water Company, for Owners & Residents of the East Verde Estates Community near Payson, Arizona" (Attachment 1), currently being circulated in the EVP community. The EVP Water Committee requested that infrastructure improvements be made as early as September 2000 (Attachment 2A), and was promised that improvements would be made as priorities permit (Attachment 2B). No infrastructure improvements were made then or since. The poor condition of the EVP water system was the most significant concern identified in the 2012 EVP water survey (Attachment 3, Section 5), which was reviewed with Brooke Utilities' Robert Hardcastle in March, 2013. Concerns raised in the survey included:

- a. Lack of sufficient well capacity to service EVP without frequent water restrictions, seasonal water hauling, and considering future development of the EVP community.
- b. Condition of the well by the East Verde River, the foundation of which has been undermined by erosion from floods.
- c. The condition of the water tank and ancillary equipment, including concerns about potential silt build-up.
- d. The condition of the water pipes of the EVP system, which were assessed in 1976 to be the asbestos cement (AC) type commonly used in the 1950's when the EVP water system was installed, and which are known to have a finite life (internet sources suggest as low as 50 years, depending upon water softness and soil movement). Please explain in detail what improvements to EVP water infrastructure will be implemented by PWC, that justify increases in the average monthly water bill for EVP customers of \$25.58 per month, or \$306.96 per year.

[PWC] OBJECTION: The Company objects to this data request. To begin with, the request assumes facts not yet in evidence. The Company does not agree with many of the factual and other statements and references, and conclusions and recommendations in the attached Petition. Therefore, because the data request is predicated on the claims and conclusions in the Petition, the Company cannot respond. For example, in the data request itself, the Company is asked to justify an increase in rates based on plans for future investment in the EVP system. Yet, under Arizona and federal law, the Company is entitled to rates that provide it recovery of its operating expenses and a reasonable opportunity to earn its

authorized return on the fair value of its current rate base. Only when and if the Company makes future investment can it seek rates that include a recovery on and of that additional investment. Additionally, the attached Petition has not yet been offered as public comment or evidence, but could be offered as one or the other. Until the allegations and recommendations contained in the Petition are properly designated for the record in this consolidated docket, the Company should not be asked to respond to them or to questions that presume the truth of the claims and conclusions contained therein. For these reasons, the Company cannot respond to this data request.

T. Bremer Response, Jan6, 2014: It seems contradictory that for MDC additional investment is being secured in concert with the rate case, whereas for other communities PWC holds additional investment to be contingent of first getting the rate increase approved. The EVP petition is attached, with 75 signatures of PWC customers, property owners, and stakeholders, in order to bring the petition to the record. As stated in the petition, it is not just and reasonable for PWC's proposed 119% average water cost increase to be imposed without a plan to address the long-standing water system shortfalls at EVP, which were admitted by Brooke Utilities' Robert Hardcastle in 2001 (Reference Attachment 2b of W-03514A-13-0111 Document No. 0000149561, T. Bremer Request for Discovery). In light of this admission, it is not reasonable for PWC to contend that the EVP system upgrade needs are not factual.

**PAYSON WATER COMPANY
DOCKET NO. W-03514A-13-0111
RESPONSE TO THOMAS BREMER,
EAST VERDE PARK WATER COMM.
FIRST SET OF DATA REQUESTS**

November 22, 2013

Response provided by:

Title:

Company: Payson Water Company

Address:

Company Response Number: 11

[T. Bremer Question] Q.

The PWC customers in the East Verde Estates (aka "East Verde Park" (EVP)) have long complained that the current base fee and rates for water service, though affordable, do not provide a good value in light of the frequent water restrictions in the community. The complaints of EVP residents are summarized in the attached "Petition to Prevent Unjust and Unreasonable Increase in Fees and Rates for Water, Proposed by Payson Water Company, for Owners & Residents of the East Verde Estates Community near Payson, Arizona" (Attachment 1), currently being circulated in the EVP community. In short, PWC customers at EVP are facing a huge increase in costs for water service, but then PWC frequently and for prolonged periods imposes severe restrictions on the availability of water. The impact on EVP customers and their frustration are well-stated in the attached Payson Roundup "Letter to the Editor" in October, 2012 (Attachment 4). Most recently, in 2013, the EVP community was at Stage 3 water restrictions continuously from May through most of September. Please explain in detail what improvements to EVP water availability will be implemented by PWC, that justify increases in the average monthly water bill for EVP customers of \$25.58 per month, or \$306.96 per year

[PWC] OBJECTION: The Company objects to this data request. To begin with, the request assumes facts not yet in evidence. The Company does not agree with many of the factual and other statements and references, and conclusions and recommendations in the attached Petition. Therefore, because the data request is predicated on the claims and conclusions in the Petition, the Company cannot respond. For example, in the data request itself, the Company is asked to justify an increase in rates based on plans for future investment in the EVP system. Yet, under Arizona and federal law, the Company is entitled to rates that provide it recovery of its operating expenses and a reasonable opportunity to earn its authorized return on the fair value of its current rate base. Only when and if the Company makes future investment can it seek rates that include a recovery on and of that additional investment. Additionally, the attached Petition has not yet been offered as public comment or evidence, but could be offered as one or the other. Until the allegations and recommendations contained in the Petition are properly designated for the record in this consolidated docket, the Company should not be asked to respond to them or to questions that presume the truth of the claims and conclusions contained therein. For these reasons, the Company cannot respond to this data request.

T. Bremer Response: What facts are not in evidence? Does PWC not know the frequency of their own imposition of water restrictions at EVP? To the extent that the water restrictions are the result of water system inadequacies, see response to 10.

TB-3

TB 1/13/14
Resp. to Data Req.



0000150764

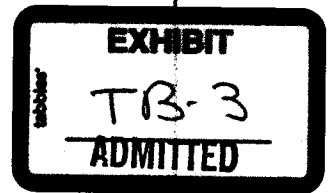
Thomas Bremer
6717 E Turquoise Ave.
Scottsdale, AZ 85253

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2014 JAN 13 P 1:34

BEFORE THE ARIZONA CORPORATION COMMISSION

AZ CORP COMMISSION
DOCKET CONTROL
DOCKET NO. W-03514A-13-0111



IN THE MATTER OF THE APPLICATION
OF PAYSON WATER CO., INC., AN ARIZONA
CORPORATION, FOR A DETERMINATION OF
THE FAIR VALUE OF ITS UTILITY PLANTS
AND PROPERTY AND FOR INCREASES IN
ITS WATER RATES AND CHARGES FOR
UTILITY SERVICE BASED THEREON.

ORIGINAL

IN THE MATTER OF THE APPLICATION
OF PAYSON WATER CO., INC., AN ARIZONA
CORPORATION, FOR AUTHORITY TO (1) ISSUE
EVIDENCE OF INDEBTEDNESS IN AN AMOUNT
NOT TO EXCEED \$1,238,000 IN CONNECTION
WITH INFRASTRUCTURE IMPROVEMENTS TO
THE UTILITY SYSTEM; AND (2) ENCUMBER
REAL PROPERTY AND PLANT AS SECURITY
FOR SUCH INDEBTEDNESS.

DOCKET NO. W-03514A-13-0142

Arizona Corporation Commission
DOCKETED
JAN 13 2014



**PRE-FILED TESTIMONY – RESPONSES TO PAYSON WATER COMPANY (PWC) REGARDING
IMPACT OF WATER RATE CASE ON EAST VERDE PARK (EVP) RATE PAYERS in the Applications
of Payson Water Company for an Increase in its Rates and Charges for Utility Service, and to Incur
Debt and Encumber its Property as Security for Such Indebtedness.**

References:

1. W-03514A-13-0111 Document No. 0000140103, RESPONSES TO PAYSON WATER COMPANY (PWC) REGARDING IMPACT OF WATER RATE CASE ON EAST VERDE PARK (EVP) RATE PAYERS in the Applications of Payson Water Company for an Increase in its Rates and Charges for Utility Service, and to Incur Debt and Encumber its Property as Security for Such Indebtedness, dated January 6, 2014.
2. W-03514A-13-0111 Document No. 0000150385, PWC Rebuttal Testimony, December 6, 2013.

1 **3. W-03514A-13-0111 Document No. 0000150671, PWC Rejoinder Testimony, January 6, 2014.**

2
3 I, Thomas Bremer, an intervenor in the cases of the above consolidated dockets, filed the Reference 1
4 document on January 6, 2014. I have come to understand that the title of the Reference 1 document
5 "RESPONSES TO PAYSON WATER COMPANY..." does not secure for me the same opportunity to
6 provide further testimony in the upcoming Phase 2 rate case hearing as would have been secured by my
7 filing being classified as "TESTIMONY". This nuance of the ACC process was explained to me recently
8 by ACC legal staff, Ms. Robin Mitchell.

9
10 Therefore, I request that the Reference 1 document, including all of its references and attachments are
11 reclassified as "PRE-FILED TESTIMONY".

12
13 During the Phase 2 pre-hearing of January 8, 2014, Judge Nodes made an effort to accommodate the
14 schedules of Intervenor Reidhead and Nee in re-scheduling the Phase 2 hearing. I expect to be
15 provided the same consideration and privilege.

16
17 This request is of particular importance because the latest rate proposal from PWC (References 2 and 3)
18 includes water curtailment provisions specifically for the East Verde Park community, which I represent.
19 The curtailment plan as defined in Reference 2, Exhibit JW-RB3, includes water hauling surcharges as
20 well as unjust water disconnection and reconnection fees for violations of the curtailment requirements.
21 The criteria defined by PWC to determine an EVP customer's compliance with curtailment requirements,
22 if strictly applied, can practically guarantee frequent non-compliances. For example, depending upon a
23 customer's previous usage history, PWC can disconnect water service for use of as little as a single
24 gallon of water, and then extract exorbitant fees, up to \$3000, to re-connect service. The fact that PWC's
25 criterion for disconnect is not based on actual monthly usage during the curtailment period, but on a
26 single day's use of water multiplied by 30, increases the likelihood of EVP water users being assessed in
27 violation of the curtailment plan, even if they implement severe water conservation measures. As another
28 example, if water curtailment is in effect for successive months, then the curtailment plan requires month-
29 over-month decreases in water usage by 30 to 50 percent of each previous month, depending upon water
30 stage level. This can drive the allowable water use for latter months of the curtailment period to
31 unreasonably low per-day levels, which again is very likely to trigger violations repeatedly, with escalating
32 reconnection fees for each violation. The curtailment plan as defined in Reference 2 is patently unfair,
33 unjust, and unreasonable, and should be disallowed. My claims are not a matter of interpretation—rather,
34 they are the direct outcome of the mathematics derived from the water curtailment plan in Exhibit JW-RB3
35 of the Reference 2 PWC rebuttal testimony document.

1 Further detail of my objection to the proposed water curtailment plan, including water hauling surcharges,
2 is in the Reference 1 document.

3
4 I encourage ACC staff to carefully review PWC's proposed EVP curtailment plan, and give it the same
5 level of scrutiny as has been applied to the PWC's base fees, commodity charges, and financing for the
6 Mesa Del Caballo / Cragin interconnect pipeline and infrastructure.

7
8 And my expectation is to be granted the same participation rights in the upcoming Phase 2 hearing as
9 intervenors Reidhead and Nee, in order to fully address all aspects of the PWC rate case as it impacts
10 the customers, residents, and owners in the EVP community.

11
12 Submitted this 13th day of January, 2014.

13
14 
15

16
17 Copies to:

18 ACC Docket Control (13 copies)

19
20 Jason Williamson, President of Payson Water Company
21 7581 E. Academy Boulevard, Suite 229
22 Denver, CO 80230

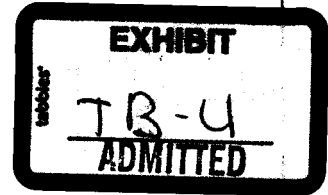
23
24 Thomas J. Bourassa, Consultant for Payson Water Company
25 139 W. Wood Drive
26 Phoenix, Arizona 85029

27
28 Jay Shapiro, Attorney for Payson Water Company
29 Fennemore Craig P.C.
30 2394 E. Camelback Road, Suite 600
31 Phoenix, AZ 85016

32
33 Kathleen M. Reidhead, Intervenor
34 14406 S. Cholla Canyon Dr.
35 Phoenix, AZ 85044
36

1 William Sheppard, Intervenor
2 6250 North Central Avenue
3 Phoenix, AZ 85012
4
5 J. Stephen Gehring & Richard M. Burt, Intervenor
6 8157 W. Deadeye Rd.
7 Payson, AZ 85541
8
9 Suzanne Nee, Intervenor
10 2051 E. Aspen Dr.
11 Tempe, AZ 85282
12
13 Glynn Ross, Intervenor
14 405 S. Ponderosa
15 Payson, AZ 85541
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TB 1/22/14



1 Thomas Bremer
2 6717 E Turquoise Ave.
3 Scottsdale, AZ 85253
4

5 **BEFORE THE ARIZONA CORPORATION COMMISSION**

6
7 IN THE MATTER OF THE APPLICATION DOCKET NO. W-03514A-13-0111
8 OF PAYSON WATER CO., INC., AN ARIZONA
9 CORPORATION, FOR A DETERMINATION OF
10 THE FAIR VALUE OF ITS UTILITY PLANTS
11 AND PROPERTY AND FOR INCREASES IN
12 ITS WATER RATES AND CHARGES FOR
13 UTILITY SERVICE BASED THEREON.
14

15 IN THE MATTER OF THE APPLICATION DOCKET NO. W-03514A-13-0142
16 OF PAYSON WATER CO., INC., AN ARIZONA
17 CORPORATION, FOR AUTHORITY TO (1) ISSUE
18 EVIDENCE OF INDEBTEDNESS IN AN AMOUNT
19 NOT TO EXCEED \$1,238,000 IN CONNECTION
20 WITH INFRASTRUCTURE IMPROVEMENTS TO
21 THE UTILITY SYSTEM; AND (2) ENCUMBER
22 REAL PROPERTY AND PLANT AS SECURITY
23 FOR SUCH INDEBTEDNESS.
24

25 **RESPONSES TO FIRST SET OF DATA REQUESTS FROM PAYSON WATER CO., INC (PWC). TO**
26 **THOMAS BREMER, in the Applications of Payson Water Company for an Increase in its Rates and**
27 **Charges for Utility Service, and to Incur Debt and Encumber its Property as Security for Such**
28 **Indebtedness.**
29

30 **References:**

- 31 1. W-03514A-13-0111 Document No. 0000150385, PWC Rebuttal Testimony, December 6, 2013.
32 2. W-03514A-13-0111 Document No. 0000150670, Bremer Responses to PWC Regarding Impact
33 of Water Rate Case on EVP Rate Payers, January 6, 2014.
34 3. W-03514A-13-0111 Document No. 0000150671, PWC Rejoinder Testimony, January 6, 2014.
35 4. W-03514A-13-0111 Document No. 0000150750, Bremer Pre-Filed Testimony, – Responses to
36 PWC Regarding Impact of Water Rate Case on EVP Rate Payers, January 13, 2014.

1 **5. W-03514A-13-0111 Document No. 0000150824, PWC Supplemental Rejoinder Testimony,**
2 **January 15, 2014.**
3

4 I, Thomas Bremer, an intervenor in the cases of the above consolidated dockets, hereby submit for the
5 docket record my responses to PWC's "FIRST SET OF DATA REQUESTS FROM PAYSON WATER
6 CO., INC (PWC). TO THOMAS BREMER", dated January 17, 2014. These responses provide further
7 support for the requests made in the "Petition to Prevent Unjust and Unreasonable Increase in Fees and
8 Rates for Water, Proposed by Payson Water Company, for Owners & Residents of the East Verde
9 Estates Community near Payson, Arizona", provided in Attachment 1 of Reference 2.

10
11 Furthermore, my responses to the PWC Data Requests solidify the case against the EVP Water
12 Curtailment Plan proposed by PWC in Exhibit JW-RB3 of the Reference 1 PWC Rebuttal Testimony,
13 since PWC proposed the curtailment plan after the EVP Petition was drafted and signed (the petition
14 addressed the rate and fee increases as proposed in PWC's Public Notice, in September, 2013.)
15

16 Submitted this 22nd day of January, 2014.

17
18 
19

20
21 **Attachments:**

- 22 1. Thomas Bremer Responses to FIRST SET OF DATA REQUESTS FROM PAYSON WATER CO.,
23 INC. TO THOMAS BREMER, dated January 17, 2014.
24 2. Copy of Exhibit JW-RB3 of W-03514A-13-0111 Document No. 0000150385, PWC Rebuttal
25 Testimony, dated December 6, 2013. "CURTAILMENT PLAN FOR: PAYSON WATER CO., INC.
26 ADEQ Public Water System: East Verde Park Water System (#04-026)"
27
28

29 **Copies to:**

30 ACC Docket Control (13 copies)

31
32 Jason Williamson, President of Payson Water Company
33 7581 E. Academy Boulevard, Suite 229
34 Denver, CO 80230
35

36 Thomas J. Bourassa, Consultant for Payson Water Company

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Attachment 1

Thomas Bremer Responses to FIRST SET OF DATA REQUESTS FROM PAYSON WATER CO.,
INC. TO THOMAS BREMER, dated January 17, 2014.

**Thomas Bremer
6717 E. Turquoise Avenue
Scottsdale, Arizona 85253**

January 17, 2014

**Thomas Bremer Responses to
FIRST SET OF DATA REQUESTS
FROM PAYSON WATER CO., INC.
TO THOMAS BREMER
Docket Nos. SW-03514A-13-0111 et al.
Dated January 10, 2014**

All responses are compiled and prepared by Thomas Bremer, 6717 E. Turquoise Avenue, Scottsdale AZ, 85253.

1.1 PWC Question: Please state your current occupation.

T. Bremer Response: Engineer.

1.2 Please identify all prior employment and educational experience.

T. Bremer Response:

Education:

- US Marine Corps Officer Candidate School, Graduate, 1981
- Texas A&M University, Bachelor of Science, Aerospace Engineering, 1983
- Arizona State University, Continuing Education Business Curriculum, 1983-1986

Employment:

- Garrett Turbine Engine Company; Allied Signal Aerospace; Honeywell International, 1983-present

1.3 Please identify all experience, training, or other expertise you have in geology, hydrology, and/or hydrogeology.

T. Bremer Response: I have no formal education in these fields. My knowledge of the geology and hydrology in northern Gila County and the East Verde River Basin stems from study of documents available from the Arizona Department of Water Resources.

1.4 Please identify all experience, training or other expertise you have in utilities, including engineering, operations, accounting, finance or ratemaking.

T. Bremer Response: I am a project engineer by profession, with responsibilities including the technical, manufacturing, financial, and regulatory requirements for aerospace turbine engines. My education includes graduate level courses in accounting and finance.

- 1.5 Admit that you have never paid a surcharge associated with the delivery of hauled water to MDC. If you deny this data request, please state the basis for your denial with specificity.

T. Bremer Response: I admit that I have never paid a surcharge associated with the delivery of hauled water to MDC.

- 1.6 Admit that other than purchased water, there is no material difference in the cost of service between the Company's separate systems. If you deny this data request, please state the basis for your denial with specificity, including identifying and providing any and all evidence, whether tangible or intangible, supporting different costs of service for any the Company's separate systems.

T. Bremer Response: I deny that there is no material difference in the cost of service between the Company's separate systems, as this is patently impossible. Exhibit A of PWC's filing on April 22, 2013, ACC Document No. 0000145511, shows the water systems to differ in their geographical location, number of customers, the number of wells, depth of wells, storage tank capacity, age of equipment, and other aspects, which can be expected with a high degree of certainty to produce differences in the cost of service among the separate communities due to differences in the costs of electricity, meter-reading, and maintenance.

- 1.7 Admit that the Company did not recover its cost of service, including a return on and of its investment, during the test year. If you deny this data request, please state the basis for your denial with specificity.

T. Bremer Response: Objection – The only data available for me to determine whether PWC recovered its cost of service or not comes from the Company itself. Absent of audit by an independent agency, I cannot admit or deny whether PWC recovered its cost of service or not. Furthermore, although I am not a professional accountant, I reviewed the accounting coursework from my past education, and I cannot conclude that return on investment is a valid expense for calculating cost of service, according to accepted accounting practices.

- 1.8 When was the last year PWC recovered its cost of service, including a return on and of its investment? Please provide any evidence in your possession that supports your response.

T. Bremer Response: Objection – The only data available for me to determine the last year PWC recovered its cost of service comes from the Company itself. Absent of audit by an independent agency, I cannot ascertain the last year that PWC recovered its cost of service.

1.9 Please provide copies of any and all data requests between you and any other party to this rate case.

T. Bremer Response: There are no data requests between me and any other party in this rate case.

1.10 Admit that under the proposed hauling tariff for East Verde Park (EVP), PWC will recover only the actual cost of hauling water, if any. If you deny this request for any reason, please state the basis of the denial with specificity.

T. Bremer Response, January 14, 2014: The response to this request must consider the entirety of the EVP Curtailment Plan proposed by PWC in exhibit JW-RB3 of PWC's filing on December 6, 2013, ACC Document 0000150385. The water hauling tariff is only one aspect of the proposed EVP curtailment plan. Yes, the hauling tariff is proposed to recover only the actual cost of hauling water. However, the PWC's proposed curtailment plan also sets up a program of disconnecting water service and extremely high reconnection fees for violations of the curtailment criteria, and the curtailment criteria are defined in manner that practically guarantees frequent violations, even for PWC customers who manage their water use for conservation and in good faith. Consider the following two examples:

- a) A part-time EVP resident and PWC customer who uses no water at all in a given month is in violation of curtailment criteria for using any amount of water, however small, in the subsequent month, during the curtailment period. It is not possible to reduce water consumption by 30 to 50 percent of zero.
- b) An EVP resident family and PWC customer uses, for example, 5000 gallons in April, which is a reasonable amount for a full-time resident family of four. April is the month prior to the start of the May-September curtailment period. Then, as was done in 2013, PWC declares a Stage 3 curtailment condition in May. The family must reduce water consumption in May by 30 percent, to a daily-use maximum of $(5000 \times (100\% - 30\%))/30 = 117$ gallons on any day in the month of May. Then, in June, with a continuing Stage 3 condition, the family must reduce consumption by 30% from the May usage, to no more than 82 gallons for any day in the month of June. This continues in July, August, and September, as long as the Stage 3 condition persists (as in 2013), with the curtailment criteria requiring a 30 percent month-over-month reduction, on a daily-use basis. In September, the last month of the curtailment period, the family is allowed to use no more than 28 gallons of water per day per the curtailment criteria, which for a family of four does not even support basic needs for hygiene. The family's water situation becomes even more dire at Stage Levels 4 and 5, which require 40 and 50 percent reductions, respectively, in monthly water use on a daily-use basis.

It makes little difference that the curtailment criteria establish the baseline month as the higher of the previous month or the same month in any of the previous two years, for a PWC customer at EVP whose water use patterns are similar over the years.

These examples represent typical and realistic scenarios, not contrived scenarios to represent unusual circumstances that would rarely occur in reality, and these examples accurately reflect the mathematics defined by the curtailment criteria in PWC's proposed curtailment plan. The above examples illustrate that if PWC's proposed curtailment plan for EVP is approved, PWC customers at EVP will be subject to frequent water disconnection and escalating reconnection fees, which could easily amount to thousands of dollars over the course of the curtailment period, over and above water hauling surcharges. Therefore, I deny the premise of data request 1.10, which focuses only on the water hauling tariff while ignoring the unjust, unreasonable, and downright intimidating curtailment compliance criteria and reconnection fees of PWC's proposed EVP water curtailment plan.

- 1.11 State with specificity every reason you allege that the requested rate increase by PWC is "unjust and unreasonable" as claimed in your filing dated January 6, 2014.

T. Bremer Response, January 14, 2014: The reasons that residents, owners, and PWC customers at EVP allege that the requested rate increase by PWC is unjust and unreasonable are described in Items 1-7 of the EVP Petition provided in Attachment 1 to my filing of November 19, 2013, ACC Document 0000149597, and again with signatures in Attachment 1 to my filing of January 6, 2014, ACC Document 0000150670.

In addition, because the EVP petition regarding PWC's proposed rate increase was drafted and signed prior to PWC's December 6, 2013 filing, ACC Document 0000150385, which announced PWC's proposal to implement the EVP water curtailment plan, my filing of January 6, 2014 also provided in Part 3 the reason why the water curtailment plan is unjust and unfair. My responses to Items 1.10 and 1.13 of this present PWC data request provide further justification of my assessment that PWC's water curtailment proposal is unjust and unreasonable.

Feel free to re-read in detail the EVP petition, as well as all aspects of my November 19 and January 6 filings.

In short, EVP ratepayers face a monthly water bill increase that on average essentially doubles, while facing a severe water curtailment plan for more than one-third of the year, with unjust compliance criteria and unreasonable reconnect fees, while the longstanding shortcomings of the EVP water system, that were acknowledged by PWC thirteen years ago to require improvements, continue to go unaddressed.

- 1.12 State the basis for your claim that SRP has no interest or claim to water supplies in and around the EVP system and provide any evidence to support your response.

T. Bremer Response, January 14, 2014: As described in Part3, Item 5 of my filing of January 6, 2014, ACC Document 0000150670, the basis for this claim is PWC President Robert Hardcastle's statements made on March 20, 2013, when a group of EVP residents including me met with him at the Phoenix office of Fennemore Craig to discuss the results of the 2012 EVP water survey, which was provided as Attachment 3 to my filing on November 19, 2013, ACC Document 0000149597. Mr. Hardcastle described his understanding of SRP's water claims in the East Verde region, and specifically noted that a SRP claim to subsurface groundwater would require evidence that the local aquifer is under the influence of surface water. He further noted that water flow measurements upstream and downstream of the EVP community indicate that PWC's groundwater sources serving EVP are under little or no influence of surface water. (My research of the Arizona Department of Water Resources reports suggests that, if anything, groundwater in the region between the Payson and the Mogollon Rim north of Pine/Strawberry augments surface water flow in the creeks of the canyons in this region. Fossil Springs (on Fossil Creek) and Flowing Springs (on the East Verde River) are prime examples. This is a case of surface water under the influence of ground water, rather than the opposite.)

- 1.13 Admit that the form of hauling tariff proposed for EVP is modeled after and/or materially similar to that approved by the Commission for the Company's MDC system.

T. Bremer Response: Objection - I have no information regarding the hauling tariff for the MDC system. Therefore I can draw not any conclusions about similarities or differences between the MDC hauling tariff and that proposed by PWC for EVP in Document 0000150385, dated December 6, 2013.

As with Data Request 1.10, Data Request 1.13 is misleading in focusing only on the hauling tariff, instead of the entirety of the water curtailment plan. If in fact the curtailment plan being proposed by PWC for EVP is similar to the curtailment plan imposed on MDC, this goes a long way to explain the intimidating effect of PWC's water curtailment strategy that has been reported to me by a number of MDC customers.

- 1.14 Please identify every system improvement you recommend the Company make in its EVP system, the estimated cost of such system and state how such improvement would enhance the Company's water supplies. Please provide any and all evidence in your possession to support your response.

T. Bremer Response: Objection – I assert that it is incumbent upon the utility, not the customer, to arrive at the specific infrastructure plan to assure reliable service and to avoid unreasonable hardship to customers (ie: PWC's proposed curtailment plan).

Furthermore, I have not made any specific recommendations for EVP water system improvements, other than to request that necessary system improvements for EVP are identified by PWC. Item D of the EVP Petition (provided in Attachment 3 of my November 19, 2013 filing, ACC Document 0000149597, and again with signatures in Attachment 1 to my filing of January 6, 2014, ACC Document 0000150670) requests

that PWC “Conduct an evaluation of EVP water system vulnerabilities and upgrade needs to sustain future reliable operation, as requested in the meeting between several EVP residents and PWC’s Robert Hardcastle at the offices of Fennemore Craig law firm in Phoenix on March 20,2013, and tie any proposed rate and fee increases at EVP to the implementation of necessary upgrades.”

The condition of the EVP water system equipment as observed by EVP residents in the 2012 EVP Water Survey (Attachment 3 of my November 19, 2013 filing, ACC Document 0000149597), and PWC President Robert Hardcastle’s acknowledgement in 2001 that system improvements are “warranted and necessary” (Attachment 2b of my November 19, 2013 filing), as well as the prolonged periods every year of Stage Level 3 and higher water restrictions, provide ample evidence of the need for improvements to the EVP water system. Furthermore, as mentioned in the 2012 EVP Water Survey and described by EVP resident C.R. Hewlett during the ACC Public Comment hearing on January 13, 2014, in 1976 the EVP community contracted a consultant, Bartholomew and Follet, to assess the EVP water system. Their recommendations included an additional well and increased storage capacity. These 37 year-old recommendations merit review and update in the course of a PWC assessment of EVP water system improvement needs.

- 1.15 Do you agree that PWC is entitled to recover revenues or rates for the provision service that allow it to recover its reasonable and prudent operating expenses and earn a return on and of its investment in plant used to provide utility service?

T. Bremer Response, January 14, 2014: Yes. No one has ever disputed that PWC is entitled to earn a return on and of its investment in plant used to provide utility service. In fact, Item 4 of the EVP Petition states “While the owners and residents at EVP acknowledge PWC’s right to a reasonable profit, the proposed increases are not commensurate with the historical low level of service and water system maintenance provided by PWC.” This statement emphasizes that PWC’s right to a reasonable profit must be linked to the rights of EVP ratepayers and water users.

- 1.16 Assuming that your request to deny the hauling tariff is successful –

- a. What do you suggest the Company do if the wells in EVP do not produce sufficient water supplies to meet customer demand?

T. Bremer Response, January 14, 2014: If in fact the wells in EVP do not produce sufficient water to meet customer demand, then PWC will need to haul water as has been done in the past. However, PWC and their predecessor companies have done nothing since 1976, when EVP residents provided the Bartholomew and Follet recommendations, or since 2001, when PWC’s president acknowledged the need for EVP water system improvements, to assure a capable on-site water supply to avoid the need for water hauling in the first place.

- b. How would the Company recover the costs of any remedy you suggested in part (a) above.

T. Bremer Response, January 14, 2014: PWC proposes increases in the base fee and commodity charges that double the average water bill. And for customers using higher amounts of water (and therefore responsible for the need for water hauling) PWC is proposing that the commodity charge nearly quadruples, from \$1.93 to \$7.65 per thousand gallons. I contend that such enormous increases can support the cost of seasonal water hauling without additional surcharges, and to the extent that this reduces profit, provide incentive for PWC to identify and implement upgrades to the EVP water system to avoid the need for water hauling in the first place. Without such incentive, history has shown that PWC is unlikely to ever upgrade the aging EVP water system.

- 1.17 Identify all additional costs you believe the Company is seeking to recover in its rejoinder filing, dated January 6, 2014, that were not previously requested for recovery in this case including the amount, the basis for your position, the reason you oppose recovery and the impact of the alleged recovery on customers in EVP.

T. Bremer Response, January 14, 2014: PWC's rejoinder filing of January 6, 2014, ACC Document 0000150671, maintains the EVP water curtailment plan proposed in PWC's rebuttal filing of December 6, 2013, ACC Document 000015038, with its unjust curtailment compliance criteria and reconnection fees ranging from \$200 to \$3000, as described in my response to Data Request 1.10 above. Apparently PWC seeks to not only recover the cost of water hauling, but also to gain a sizeable revenue stream from reconnection fees.

- 1.18 Admit that customers would prefer the Company pay to haul water versus letting the supply run dry.

T. Bremer Response, January 14, 2014: I admit that customers would prefer the Company pay to haul water, without surcharges to PWC customers, as described in my response to 1.16b above.

However, Data Request 1.18 is premised on the assumption that if the Company does not haul water, the supply will "run dry". The limiting factor at EVP is not a dry aquifer, but inadequate water system well and storage capacity. PWC has presented no data to substantiate their assumption that the local groundwater at EVP will not support increased water supply by a modest amount, about 6% per year based on the data in Exhibit A of PWC's filing of April 22, 2013, ACC Document 0000145511.

- 1.19 Admit that the cost of hauling water in the event of insufficient supplies is a cost of service.

T. Bremer Response, January 14, 2014: I admit that the cost of hauling water is a cost of service. However, as described in my response to Data Request 1.16b, recovery of water hauling costs should not be allowed without a plan to correct the longstanding deficiencies of the EVP water system. Furthermore, recovery of water hauling costs

should not be allowed if they are authorized by the curtailment plan as proposed by PWC in exhibit JW-RB3 of Document 0000150385, dated December 6, 2013, which is grossly unfair as described in my response to Data Request 1.10, and which stands to provide PWC with a generous revenue stream from service reconnection fees.

Attachment 2

Copy of Exhibit JW-RB3 of W-03514A-13-0111 Document No. 0000150385, PWC Rebuttal
Testimony, dated December 6, 2013. "CURTAILMENT PLAN FOR: PAYSON WATER CO., INC.
ADEQ Public Water System: East Verde Park Water System (#04-026)"

EXHIBIT
JW-RB3

		Revised	SHEET NO.	1.1
Payson Water Co., Inc.	East Verde Park	Revised	SHEET NO	
Docket No. W-03514A-13-0111 et al.				
	(Name of Service Area)			

CURTAILMENT PLAN FOR: PAYSON WATER CO., INC.

ADEQ Public Water System: East Verde Park Water System (#04-026)

APPLICABILITY

Payson Water Company, Inc. (the "Company") is authorized by the Arizona Corporation Commission to curtail water service to all customers within its certificated area under the terms and conditions listed in this tariff. As needed, this tariff will be implemented by the Company for customers of the East Verde Park water system ("Water System"). This tariff supersedes the Curtailment Plan approved in Decision No. 67281 (May 5, 2005).

The curtailment plan shall become part of the Arizona Department of Environmental Quality Emergency Operations Plan for the Company.

The Company shall notify its customers of this new tariff as part of its next regularly scheduled billing after the effective date of the tariff or no later than sixty (60) days after the effective date of this tariff.

For the purposes of this curtailment plan the term "Peak Season" shall be defined as the period from May 1 through September 30 annually. The term "Off-Peak Season" shall be defined as all other periods not defined as Peak Season.

The Company shall provide a copy of the curtailment tariff to any EVP customer upon request.

EXEMPTIONS: Customers who use 4,000 gallons or less per month based on a twelve (12) month rolling average are exempt from the mandatory reduction in daily use requirements as outlined in Stage 3, Stage 4 and Stage 5 of this tariff. This is because these customers are already leading a conservative water lifestyle, and mandatory percentage reductions will likely require the loss of use of water essential to health and safety. However, all other restrictions during mandatory conservation periods will still apply.

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		7581 E. Academy Boulevard, Suite 229		
		Denver, Co 80230		

		Revised	SHEET NO.	1.2
Payson Water Co., Inc.	East Verde Park	Revised	SHEET NO	
Docket No. W-03514A-13-0111 et al.				
	(Name of Service Area)			

STAGES

Stage 1 Exists When:

Water System's storage level is 85% or more of capacity and there are no known problems with production or storage.

Restrictions: Under Stage 1 conditions the water system is deemed to be operating normally and no curtailment is necessary, except as follows: (a) no outside watering is permitted on Mondays; (b) outside water is permitted on Tuesdays, Thursdays, and Saturdays for customers with street addresses ending with an odd number; (c) outside water is permitted on Wednesdays, Fridays, and Sundays for customers with street addresses ending with an even number; (d) during the Peak Season outdoor watering using spray or any form of irrigation shall be conducted only during the hours of 8:00 p.m. and 12:00 Midnight, or during the hours of 3:00 a.m. and 7:00 a.m.

Water Augmentation: Under Stage 1 conditions, no water augmentation is required.

Notice: Under Stage 1 conditions, no notice is required.

Stage 2 Exists When:

Water System's storage level is less than 85% of capacity but more than 70% of capacity for at least forty-eight (48) consecutive hours. Further, the Company has identified operational circumstances such as a steadily declining water table, increasing draw down threatening pump operations, or decreasing well production creating a reasonable belief that the Water System will be unable to meet anticipated sustained water demand.

Restrictions: Under Stage 2 conditions voluntary conservation measures should be employed by customers to reduce water consumption by at least 20% as measured on a daily use basis. Further water use restrictions shall include: (a) no outside watering is permitted on Monday's, Thursdays, and Fridays; (b) outside water is permitted on Tuesdays and Saturdays for customers with street addresses ending with an odd number; (c) outside water is permitted on Wednesdays and Sundays for customers with street addresses ending with an even number; (d) during the Peak Season outdoor watering using spray or airborne irrigation shall be conducted only during the hours of 8:00 p.m. and 12:00 Midnight, or during the hours of 3:00 a.m. and 7:00 a.m.

Water Augmentation: Under Stage 2 conditions no water augmentation is required.

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Payson Water Co., Inc.	East Verde Park	Revised	SHEET NO.	1.3
Docket No. W-03514A-13-0111 et al.		Revised	SHEET NO	
	(Name of Service Area)			

Notice: Under Stage 2 conditions the Company is required to notify customers by (a) door-to-door delivery of written notices at each service address; or, (b) by changing local water conservation staging signs; or, (c) by means of electronic mail; or, (d) by means of any other reasonable means of notification of customers of the Water System; of the imposition of the Curtailment Tariff, the applicable Curtailment Stage, a general description of conditions leading to Stage 2 conditions, and a need to conserve water.

Stage 3 Exists When:

Water System's storage level is less than 70% of capacity but more than 60% of capacity for at least twenty-four (24) consecutive hours. Further, the Company has identified-operational circumstances such as a steadily declining water table, increasing draw down threatening pump operations, or decreasing well production creating a reasonable belief that the Water System will be unable to meet anticipated sustained water demand.

Restrictions: Under Stage 3 conditions mandatory conservation measures should be employed by customers to reduce water consumption; by at least 30% as measured on a daily use basis. Further water use restrictions shall include: (a) no outside watering is permitted on Mondays, Thursdays, and Fridays.; (b) outside water is permitted on Tuesdays and Saturdays for customers with street addresses ending with an odd number; (c) outside water is permitted on Wednesdays and Sundays for customers with street addresses ending with an even number; (d) during the Peak Season outdoor watering using spray or airborne irrigation shall be conducted only during the hours of 8:00 p.m. and 12:00 Midnight, or during the hours of 3:00 a.m. and 7:00 a.m. Under Stage 3 conditions the Company shall inform customers of the Water System of the mandatory restriction to employ water conservation measures to reduce daily consumption by 30%. Failure of customers to comply with this requirement may result in service disconnection as described by this Curtailment Plan. Under Stage 3 conditions, the following uses of water are strictly prohibited: (1) outdoor irrigation of lawns, trees, shrubs, or any plant life, except as otherwise provided herein; (2) washing of any vehicle; (3) use of water for dust control or outdoor cleaning uses; (4) use of outdoor drip irrigation or misting systems of any kind, except as otherwise provided herein; (5) use of water to fill swimming pools, spas, fountain, fish ponds, or ornamental water features; (6) all construction water; (7) restaurant or convenience store patrons shall be served water only on request; and, (8) any other water intensive activity. Under Stage 3 conditions the Water System is prohibited from supplying water to any standpipe and the installation of new water meters and new service lines is prohibited.

Water Augmentation: Under Stage 3 conditions the Company will undertake reasonable measures to augment its well production until such time that Stage 2 conditions are achieved for forty-eight (48) consecutive hours. In all cases where the Company employs water augmentation the Water System's Water Augmentation Surcharge shall become applicable.

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		Revised	SHEET NO.	1.4
Payson Water Co., Inc.	East Verde Park	Revised	SHEET NO	
Docket No. W-03514A-13-0111 et al.				
	(Name of Service Area)			

Notice: Under Stage 3 conditions the Company is required to notify customers by (a) door-to-door delivery of written notices at each service address; or, (b) by changing local water conservation staging signs; or, (c) by means of electronic mail; or, (d) by means of any other reasonable means of notification of customers of the Water System; of the imposition of the Curtailment Tariff, the applicable Curtailment Stage, a general description of conditions leading to Stage 3 conditions, and a need to conserve water.

Enforcement: Once the Company has properly provided notice of Stage 3 conditions, the failure of a customer to comply with this Curtailment Plan within twenty-four (24) hours of receiving notice of its violation of this Curtailment Plan may result in the immediate disconnection of service, without further notice, in accordance with Arizona Administrative Code R14-2-410 (B)(1)(d). The reconnection fee for a violation of a Stage 3 curtailment notice shall be:

First offense:	\$200
Second offense: (see also Reconnection Fees Section)	\$350
Third offense:	\$750

If a customer believes their water service has been disconnected in error, the customer may contact the Commission's Consumer Services Section at (800) 222-7000 to initiate further investigation.

Stage 4 Exists When:

Water System's storage level is less than 60% of capacity, but more than 50% of capacity for at least twenty-four (24) consecutive hours. Further, the Company has identified operational circumstances such as a steadily declining water table, increasing draw down threatening pump operations, or decreasing well production creating a reasonable belief that the Water System will be unable to meet anticipated sustained water demand.

Restrictions: Under Stage 4 conditions **mandatory** conservation measures should be employed by customers to reduce water consumption; by at least 40% as measured on a daily use basis. Further water use restrictions shall include: (a) no outside watering is permitted on Mondays, Thursdays, Fridays, and Sundays; (b) outside watering is permitted on Tuesdays for customers with street addresses ending with an odd number; (c) outside water is permitted on Wednesdays for customers with street addresses ending with an even number; (d) during the Peak Season outdoor watering using spray or airborne irrigation shall be conducted only during the hours of 8:00 p.m. and 12:00 Midnight, or during the hours of 3:00 a.m. and 7:00 a.m. Under Stage 4 conditions the Company shall inform customers of the Water System's **mandatory** restriction to employ water conservation measures to reduce daily water consumption by 40%. Failure of customers to comply with this requirement may result in service disconnection as described by this Curtailment Plan. Under Stage 4 conditions the following uses of water are strictly prohibited: (1) outdoor irrigation of lawns, trees, shrubs, or any plant life, except as otherwise provided herein;

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		Revised	SHEET NO.	1.5
Payson Water Co., Inc.	East Verde Park	Revised	SHEET NO.	
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	(Name of Service Area)			

(2) washing of any vehicle; (3) use of water for dust control or outdoor cleaning uses; (4) use of outdoor drip irrigation or misting systems of any kind, except as otherwise provided herein; (5) use of water to fill swimming pools, spas, fountain, fish ponds, or ornamental water features; (6) all construction water; (7) restaurant or convenience store patrons shall be served water only on request; and, (8) any other water intensive activity. Under Stage 4 conditions the Water System is prohibited from supplying water to any standpipe and the installation of new water meters and new service lines is prohibited.

Water Augmentation: Under Stage 4 conditions the Company will undertake reasonable measures to augment its well production until such time that Stage 3 conditions are achieved for forty-eight (48) consecutive hours. In all cases where the Company employs water augmentation the Water System's Water Augmentation Surcharge shall become applicable.

Notice: Under Stage 4 conditions the Company is required to notify customers by (a) door-to-door delivery of written notices at each service address; or, (b) by changing local water conservation staging signs; or, (c) by means of electronic mail; or, (d) by means of any other reasonable means of notification of customers of the Water System; of the imposition of the Curtailment Tariff, the applicable Curtailment Stage, a general description of conditions leading to Stage 4 conditions, and a need to conserve water.

Enforcement: Once the Company has properly provided notice of Stage 4 conditions, the failure of a customer to comply with this Curtailment Plan within twenty-four (24) hours of receiving notice of its violation of this Curtailment Plan may result in the immediate disconnection of service, without further notice, in accordance with Arizona Administrative Code R14-2-410 (B)(1)(d). The reconnection fee for a violation of a Stage 4 curtailment notice shall be:

First offense:	\$400
Second offense: (see also Reconnection Fees Section)	\$750
Third offense:	\$1,500

If a customer believes their water service has been disconnected in error the customer may contact the Commission's Consumer Services Section at (800) 222-7000 to initiate further investigation.

Stage 5 Exists When:

Water System's storage level is less than 50% of capacity for at least twelve (12) consecutive hours. Further, the Company has identified operational circumstances such as a steadily declining water table, increasing draw down threatening pump operations, or decreasing well production creating a reasonable belief that the Water System will be unable to meet anticipated sustained water demand.

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		Revised	SHEET NO.	1.6
Payson Water Co., Inc.	East Verde Park	Revised	SHEET NO.	
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	(Name of Service Area)			

Restrictions: Under Stage 5 conditions, **mandatory** conservation measures should be employed by customers to reduce water consumption; by at least 50% as measured on a daily use basis. Under Stage 5 conditions no outside watering is permitted. Under Stage 5 conditions the Company shall inform customers of the Water System's **mandatory** restriction to employ water conservation measures to reduce daily consumption by 50%. Failure of customers to comply with this requirement may result in service disconnection as described by this Curtailment Plan. Under Stage 5 conditions the following uses of water are strictly prohibited: (1) all outdoor watering; (2) washing of any vehicle; (3) use of water for dust control or outdoor cleaning uses; (4) use of outdoor drip irrigation or misting systems of any kind; (5) use of water to fill swimming pools, spas, fountain, fish ponds, or ornamental water features; (6) all construction water; (7) restaurant or convenience store patrons shall be served water only on request; and, (8) any other water intensive activity. Under Stage 5 conditions the Water System is prohibited from supplying water to any standpipe and the installation of new water meters and new service lines is prohibited.

Water Augmentation: Under Stage 5 conditions the Company will undertake reasonable measures to augment its well production until such time that Stage 4 conditions are achieved for forty-eight (48) consecutive hours. In all cases where the Company employs water augmentation the Water System's Water Augmentation Surcharge shall become applicable.

Notice: Under Stage 5 conditions, the Company is required to notify customers by (a) door-to-door delivery of written notices at each service address; or, (b) by changing local water conservation staging signs; or, (c) by means of electronic mail; or, (d) by means of any other reasonable means of notification of customers of the Water System; of the imposition of the Curtailment Tariff, the applicable Curtailment Stage, a general description of conditions leading to Stage 5 conditions, and a need to conserve water.

Enforcement: Once the Company has properly provided notice of Stage 5 conditions, the failure of a customer to comply with this Curtailment Plan within twelve (12) hours of receiving notice of its violation of this Curtailment Plan may result in the immediate disconnection of service, without further notice, in accordance with Arizona Administrative Code R14-2- 410(B)(1)(d). The reconnection fee for a violation of a Stage 5 curtailment notice shall be:

First offense:	\$800
Second offense: (see also Reconnect-ion Fees Section)	\$1,500
Third offense:	\$3,000

If a customer believes their water service has been disconnected in error the customer may contact the Commission's Consumer Services Section at (800) 222-7000 to initiate further investigation.

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		Revised	SHEET NO.	1.7
Payson Water Co., Inc.	East Verde Park	Revised	SHEET NO	
Docket No. W-03514A-13-0111 et al.				
	(Name of Service Area)			

NOTICE

If the Company elects to provide customer water conservation-stage notice by use of local sign postings the Company shall post and maintain at least two (2) signs per water system in noticeable locations that include the entrance to major subdivisions indicating the Company is operating under its Curtailment Plan Tariff, beginning with Stage 1. Each signs shall be at least four feet by four feet and color-coded to denote the current stage, as follows:

- Stage 1 — Green
- Stage 2 — Blue
- Stage 3 — Yellow
- Stage 4 — Orange
- Stage 5 — Red

The Company shall notify the Consumer Services Division of the Utilities Division at least;

- Twelve (12) hours prior to entering Stage 2.
- Six (6) hours prior to entering Stage 3.
- Six (6) hours prior to entering Stage 4.
- Four (4) hours prior to entering Stage 5.

RECONNECTION FEES

All reconnection fees shall be cumulative for a calendar year regardless of the Stage that an offense occurs. For example, if a customer fails to meet the requirements of a water conservation stage, observe required water conservation measures under a Stage 3 condition, and after receiving notice that a water conservation stage is in effect, the reconnection fee will be \$200. If the same customer in the same calendar year commits an offense under Stage 5 conditions, the reconnection fee shall be \$1,500. By May 15 and October 15 annually, the Company shall provide the Director of the Utilities Division with a list of customers who paid reconnection fees for failure to comply with the mandatory provisions of the Curtailment Plan Tariff.

Any customer who has service disconnected according to this Curtailment Plan Tariff more than once during a calendar year shall have those terminations count against them in the next calendar year for purposes of establishing the reconnection fee, should another disconnection occur.

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		Revised	SHEET NO.	1.8
Payson Water Co., Inc.	East Verde Park	Revised	SHEET NO	
Docket No. W-03514A-13-0111 et al.				
	(Name of Service Area)			

WATER CONSUMPTION CALCULATION OF "DAILY USE"

For the purpose of calculating "daily use" under the Restriction section of Stage 2, Stage 3, Stage 4, and Stage 5 water conservation conditions, the following definition shall apply:

Daily use is determined by taking the customer water meter reading today and subtracting from the customer's meter reading yesterday. This daily use amount is multiplied by 30 days to obtain a calculated monthly use. This monthly use is then compared to the higher of: (a) the immediately preceding month's actual water consumption, or (b) water consumption for the same month in any one of the two previous years for the same service location, to determine if the customer reduced his/her water consumption by at least the required Stage's percentage. The water customer should reduce their daily water consumption from the higher monthly water consumption of either (a) or (b).

Example: Customer meter reads 986654 today. Customer meter read 986354 yesterday. The difference in meter reads is 300 gallons for one day or 9,000 gallons for 30 days. Customer's actual use in the same month in any one of the two previous years was 6,000 (b) gallons. Customer is in violation of Stage 3 mandatory water conservation conditions because his/her current "daily use" calculation is greater than his/her higher monthly use of (a) 7,000 gallons. Under Stage 3, the customer is required to reduce consumption by 30% of the 7,000 gallons or 2,100 gallons, 7,000 - 2,100 is 4,900. So the customer's daily use needs to be about 165 gallons per day.

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		Revised	SHEET NO.	2.0
Payson Water Co., Inc.		Revised	SHEET NO	
Docket No. W-03514A-10-0116 et al.				
	(Name of Service Area)			

EMERGENCY INTERIM
WATER AUGMENTATION SURCHARGE TARIFF

WATER CONSUMPTION CALCULATION OF "DAILY USE"

For the purpose of calculating "daily use" under the Restriction section of Stage 2, Stage 3, Stage 4, and Stage 5 water conservation conditions, the following definition shall apply:

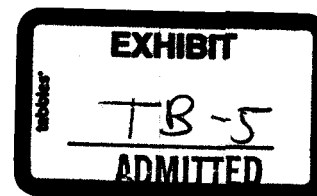
Daily use is determined by taking the customer water meter reading today and subtracting from the customer's meter reading yesterday. This daily use amount is multiplied by 30 days to obtain a calculated monthly use. This monthly use is then compared to the higher of: (a) the immediately preceding month's actual water consumption, or (b) water consumption for the same month in any one of the two previous years for the same service location, to determine if the customer reduced his/her water consumption by at least the required Stage's percentage. The water customer should reduce their daily water consumption from the higher monthly water consumption of either (a) or (b).

Example: Customer meter reads 986654 today. Customer meter read 986354 yesterday. The difference in meter reads is 300 gallons for one day or 9,000 gallons for 30 days. Customer's actual use in the same month in any one of the two previous years was 6,000 (b) gallons. Customer is in violation of Stage 3 mandatory water conservation conditions because his/her current "daily use" calculation is greater than his/her higher monthly use of (a) 7,000 gallons. Under Stage 3, the customer is required to reduce consumption by 30% of the 7,000 gallons or 2,100 gallons, 7,000 - 2,100 is 4,900. So the customer's daily use needs to be about 165 gallons per day.

Applicability – This interim surcharge shall be in effect between May 1 and September 30 of each year, beginning in 2014, until the conclusion of Payson Water Company's next rate proceeding. It shall only apply to customers served on the East Verde Park water system.

Calculation – Each customer's monthly surcharge shall be calculated based on the company's prior month's water hauling costs, and compared to the customer's water usage during that particular month. The only costs recovered by the company through this interim surcharge will be the cost of the water supply and transportation costs; there will be no administrative costs or profit of this surcharge.

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1 Thomas Bremer
2 6717 E Turquoise Ave.
3 Scottsdale, AZ 85253
4

5 **BEFORE THE ARIZONA CORPORATION COMMISSION**

6
7 IN THE MATTER OF THE APPLICATION
8 OF PAYSON WATER CO., INC., AN ARIZONA
9 CORPORATION, FOR A DETERMINATION OF
10 THE FAIR VALUE OF ITS UTILITY PLANTS
11 AND PROPERTY AND FOR INCREASES IN
12 ITS WATER RATES AND CHARGES FOR
13 UTILITY SERVICE BASED THEREON.
14

DOCKET NO. W-03514A-13-0111

15 IN THE MATTER OF THE APPLICATION
16 OF PAYSON WATER CO., INC., AN ARIZONA
17 CORPORATION, FOR AUTHORITY TO (1) ISSUE
18 EVIDENCE OF INDEBTEDNESS IN AN AMOUNT
19 NOT TO EXCEED \$1,238,000 IN CONNNECTION
20 WITH INFRASTRUCTURE IMPROVEMENTS TO
21 THE UTILITY SYSTEM; AND (2) ENCUMBER
22 REAL PROPERTY AND PLANT AS SECURITY
23 FOR SUCH INDEBTEDNESS.
24

DOCKET NO. W-03514A-13-0142

25 **Response to "Staff's Notice of Filing", Regarding Summer Water Augmentation Surcharge for**
26 **East Verde Park (EVP)"**
27

28 **References:**

- 29 1. "Staff's Response to Rejoinder Testimony and Supplemental Rejoinder Testimony (Phase 2)",
30 filed January 24, 2014.
31 2. "Staff's Notice of Filing" filed February 12, 2014
32

33 Attachment C of the Reference 1 filing by Staff included sample calculations for water hauling surcharge
34 for East Verde Park (EVP). During the hearing on February 10, it was concluded that these calculations
35 do not provide an accurate assessment of water hauling surcharges. Therefore, Judge Nodes ordered
36

1 that Staff files a revised methodology for determining the EVP water hauling surcharge. This was filed by
2 Staff in Revised Attachment B of Reference 2.

3
4 Although the EVP ratepayers continue to maintain that the proposed rate increases are of such high
5 magnitude that they should cover any seasonal water hauling needs at EVP (ie: per Reference 1, rates
6 from 3001 to 10,000 gallons nearly quadruple, from \$1.93 to \$7.66), I feel obligated to provide input to the
7 method for calculating the water hauling surcharge in the event that such surcharge is implemented.

8
9 The method in Reference 2 for determining EVP customers' portion of water hauling costs is not fair, as it
10 apportions the water hauling surcharges to everyone, even those customers whose water use is low
11 enough to avoid the need for any water hauling.

12
13 I have given some thought to the method for calculating the individual customer billing for EVP hauling
14 surcharge, which considers feedback that I received at EVP community and board meetings. In
15 particular, some ratepayers said that they do no outdoor watering and have adopted a very water-frugal
16 lifestyle, and should not be made to pay hauling surcharges that are caused by others who choose a
17 lifestyle with higher water use. Therefore, I propose that the calculation for EVP water hauling surcharges
18 in the customer billing establish a threshold amount of water use, below which the customer does not pay
19 a water hauling surcharge.

20
21 The method is simple:

- 22 1. For a given month, start with the total amount of water pumped from local wells at EVP.
23 2. Divide the local water production by the number of active connections at EVP, to determine the
24 threshold amount of locally-produced water per customer.
- 25 • Below this threshold, customers do not pay a water hauling surcharge.
 - 26 • The premise is that if all EVP customers had used no more than this threshold amount of water,
27 then water hauling would not have been necessary at all, so it is unfair to charge residents using
28 less than the threshold amount a hauling surcharge
- 29 3. Customers who use more than this threshold amount would pay the hauling surcharge in proportion
30 to their use of water over the threshold.

31
32 Consider as an example the June, 2012 EVP water use data (Reference Exhibit JW-SRJ3 of PWC filing
33 January 15, 2014):

- 34 • There were 142 active connections at EVP.
35 • Production from EVP wells was 486,840 gallons.
36 • Water hauled to EVP was 51,817 gallons

- Based on MDC hauling costs in past years and data from References 1 and 2, the adjusted cost of hauled water for June 2012 would have been approximately \$1671.63, calculated as follows:
 - 51,817 gallons requires 8 water hauling trips by a truck with 6500 gallon capacity.
 - The hauling company charges \$150 per hour and 1.2 hours per trip, or \$180 per trip. This comes to $\$180 \times 8 = \1440 for eight trips.
 - The cost of purchased water in this example is assumed to be \$7.00 per thousand gallons from Town of Payson, or $51.817 \times \$7 = \362.72
 - So the total cost of hauled water to EVP in June 2012 would have been $\$1440 + \$362.72 = \$1802.72$, before adjustments for avoided costs and account balance of curtailment surcharges.
 - Avoided production costs at the rate of .60 per thousand gallons per Staff's Reference 1 recommendation are $51.817 \times .60 = \$31.09$.
 - Let's assume a \$100.00 balance in the EVP curtailment account, same as the example in the Reference 2 Staff filing.
 - So, the adjusted cost of hauled water to EVP in June 2012 would have been $\$1802.72$ (cost of water purchase and hauling) - $\$31.09$ (avoided production costs) - $\$100$ (curtailment account balance) = $\$1671.63$

a) With 142 active connections at EVP, the threshold amount of water use in June 2012 to avoid the hauling surcharge would have been 486,840 gallons of locally-produced well water divided by 142, which equals 3428 gallons per customer.

b) So a PWC customer who used less than and up to 3428 gallons in June 2012 should not have been assessed a hauling surcharge.

- If all customers in EVP had used no more than 3428 gallons in June 2012, then water hauling would not have been necessary at all.

c) Now, let's consider a customer who used 5000 gallons in June 2012. This customer used $5000 - 3428 = 1572$ gallons in excess of the surcharge-free threshold. So out of the 51,817 gallons hauled in June 2012, this customer used $1572/51,817 = 3.034\%$ of the total EVP hauled water. Therefore, this customer's hauling surcharge for the month of June 2012 would have been 3.024% of the total adjusted hauled water cost for EVP.

- So, the customer who used 5000 gallons in June 2012 would have had an augmentation surcharge of $3.034\% \times \$1671.63 = \50.72 .

1 I propose that this is more fair than the calculation method that is implied in the Staff filing of Attachment
2 B, Reference 1, which suggests that all customers pay a portion of the monthly hauled water cost,
3 regardless of how low their water use.

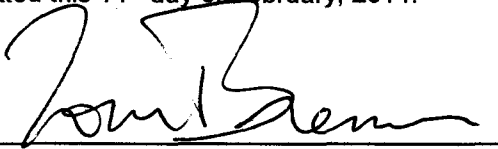
4
5 I agree with Staff's recommended cap on the total water hauling surcharges per year.

6
7 I also request that the monthly billing statements show the total EVP gallons of water produced locally
8 and hauled, the total EVP hauled water cost for the month, the surcharge-free threshold amount, and the
9 individual customer's percentage of hauled water used. These are all data items that are known and
10 available, since they are required to assess individual customer's surcharge. Customers need this
11 information to understand their bill and to modify their water use habits to avoid or minimize surcharges.

12
13 I propose this is both reasonable and administratively workable.

14
15 Thank you for your kind consideration,
16 Tom Bremer

17
18 Submitted this 14th day of February, 2014.

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20
21 
22

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